



THE

September, 1959

# Credit Union

Car-leasing committee  
reports

—page 1

Stabilization funds  
active

—page 20

*Bridge*

OFFICIAL PUBLICATION OF THE CREDIT UNION NATIONAL ASSOCIATION, INC.

## ON THE COVER

Officers of this Vermont credit union find their members need a variety of loans under \$50, yet these do not seem to indicate any haphazard borrowing habits. Marguerite Grant is the treasurer and John Grant is one of the directors. See story page 7.



# The Credit Union

*Bridge*

The Credit Union Bridge is published monthly by the Credit Union National Association, Inc., at 404 N. Wesley Avenue, Mt. Morris, Illinois. Address the editorial or business office at P.O. Box 431, Madison 1, Wisconsin.

P.O. Box 888, Hamilton, Ontario

Vol. 24

No. 9

SUBSCRIPTION—\$2.00 A YEAR

September, 1959

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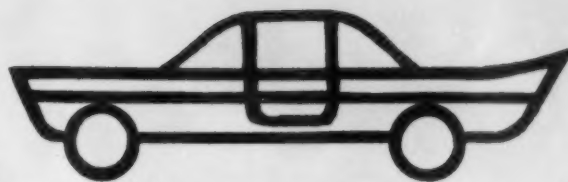
## CONTENTS

Disadvantages of car-leasing reported .....	1
Better chapter programs .....	2
Some people can't handle money .....	4
From the managing director .....	6
They need small loans .....	7
What about it? .....	10
In the news .....	11
Share-dollars—a quicker way to figure dividends .....	13
Picture page .....	18
New stabilization programs working hard .....	20
In the mail .....	29

## COMING SOON

When should we hire a manager?

Problems of small credit unions



# CAR LEASING

*won't cut into the usual auto loan service  
of credit unions, says CUNA study committee.*

THE possibility that there will be a large shift among ordinary automobile owners from buying to long-term leasing, with a sharp impact on credit union loans for cars, has been discounted by the CUNA committee on car-leasing.

"The Committee is doubtful that widespread, private-family-use automobile leasing will develop in the near future," chairman Harold Wingstad reported at the CUNA annual meeting in May.

The possibility that leasing would eliminate many credit union loans for automobile purchases was what led to the establishment of this committee by the president of CUNA shortly after the quarterly meeting in February 1958.

At that time, long-term leasing was being viewed in many quarters as a promising approach to some of the big problems of the automotive industry. For example:

- Car sales were down at the time, and some dealers were looking toward leasing as a method of building income.

- Seasonal fluctuations in production and employment were plaguing manufacturers and employees in the industry, and both were hoping leasing might smooth out production curves and reduce layoffs.

- Several big leasing firms, such as Hertz and Avis, already successfully renting passenger cars for short periods and leasing cars on long terms to business organizations, saw

leasing for family use as a magnificent plum if it could be plucked.

- A leading insurance company, Nationwide, was concerned over a trend toward growing dealer influence over auto insurance buyers, and looking for a way to combat it. Nationwide approached credit unions in Ohio with tentative plans for a leasing program hooked in with credit unions.

But the deeper the CUNA committee looked into the subject, the less substance they found.

It is true that leasing works very

well in certain situations. Most of these are business situations. A company that is not big enough to develop an efficient fleet management of its own may find leasing economical. Involved in this is the fact that the company can deduct automobile operations as legitimate expenses in its income tax returns; also, a leased fleet ties up no capital, but makes capital available for other areas of the company's operations. Where policy dictates the purchase of new cars every so often and frequent turnover, depreciation costs will be high and leasing may have advantages.

## Special use pays

For consumers, for private use, for family use, the picture is different. Examples cited in favorable publicity last year for leasing were mostly in the special usage class. It's easy enough to find people who rent cars for weekend use, or who fly long distances and rent cars for a few days to cover a few hundred miles of countryside. It's also possible to find families in big cities who find garaging costs too high (\$25 a month is common) and so rent cars only in summertime. But these short-term leases are a separate problem and do not affect credit union loans. Doctors and other professional men who drive a lot of miles and feel they have to be seen in late models, are cited as good long-term leasing prospects, partly due to tax considerations.

*(Continued on page 29)*



Harold Wingstad of Alliance, Nebraska, served as chairman of the car-lease study committee.



*and better league  
relations have come  
out of this Texas  
association of  
chapter presidents.*

**C**HAPTER presidents have met twice a year for the past two years in Texas. One of these meetings has been in connection with the League's annual meeting, the second has been in the nature of a training conference. During this period, the Texas Chapter Presidents' Association has become a solid organization and earned a special and useful place in the Texas movement.

For some years, Texas chapter presidents used to meet once a year for lunch during the League annual meeting, and they usually discussed the possibility of more training for chapter presidents. But money for the purpose didn't seem to be available, so the discussions never got very far.

In 1957, however, a stormy political session at the League annual meeting led to action.

The League annual meeting that year was tumultuous. A number of proposals were put forward by the League board, and these proposals

were all voted down. There were personal rivalries involved, of course, as there always are in such situations—but there was also a charge that the League board had "lost touch with the grass roots." The League board were all re-elected and most of the wounds were healed, but the question remained unanswered whether the League really was in close enough touch with the people.

#### **A written proposal**

Meanwhile, Paul Hoiland, president of the Dallas Chapter, had acted as host to the other chapter presidents at a luncheon, which was like previous luncheons of the group except that Hoiland offered in writing a plan for creating a formal association. Another step was taken by R. C. Morgan, the new president of the League, who decided that the problem of contact with the grass roots ought to be explored, and he set up a chapter relations committee to do it. Later, somebody suggested that

## **BETTER**

The Credit Union Bridge





Better communication between the chapters and the league was one of the first things the presidents asked for.

# CHAPTER PROGRAMS

the chapter relations committee should hold a joint meeting with the chapter presidents' group, and this was agreed on.

The meeting was held in Dallas on October 26, 1957. Many problems came up: the question of model by-laws for all chapters, the planning of chapter programs, the matter of attendance at chapter meetings, the proper functions of chapters and chapter officers, the role of chapters in the League. The League services were described and discussed. The chapter presidents said they wanted more League personnel at chapter meetings, more material from the League for chapter programs, and more communications between the two levels.

The ground was laid for another similar meeting when it was agreed that a special study should be made of the role of chapters in the League, a subject of some difficulty since the League bylaws assign no official powers to the chapters and since the chap-

ters outnumbered the League directors by about two to one. It was clear that more meetings were needed, and it was beginning to be clear that a chapter presidents' association would serve a useful purpose even if it stuck to educational and service questions and remained entirely outside the League's political structure.

## Agenda grew fast

Another meeting convened in March, 1958, and this turned out to be the occasion on which the Chapter Presidents' Association was formally organized, with Paul Hoiland as the first president. A full slate of officers was elected, and the agenda developed so rapidly that it was obvious two meetings a year would be necessary. Nineteen chapters showed up at the next meeting, which took place in May, and the League began paying the expenses of the meetings, which it has been doing ever since. The present budget item for this is \$2,000.

After two years, it is only fair to

say that the Texas Chapter Presidents' Association is still finding its feet, but there is now a record worth listing:

1. Model by-laws have been adopted by all but a couple of the 22 chapters in Texas.

2. Two new chapters have been organized since the program began, and several sluggish chapters have come to life.

3. An exchange of program material between chapters has stimulated and improved meetings.

4. Better communications have been set up between the League and the chapters, with the result that everybody is better informed.

5. A mechanism has been set up that helps put new programs into effect faster. For example, when CUNA Mutual's policyowners representatives program was set up in Texas, the Chapter Presidents' Association was helpful. Again, when the League's planning committee sent out

(Continued on page 24)



The miser puts stress on security, constantly fears that somebody is going to outsmart him.

## THEY'RE

**T**HE embezzler, the miser, the gambler, the gold-digger, the spendthrift, the kleptomaniac, the neurotic bargain-hunter are all types of people who have deep irrational attitudes toward money. They are money neurotics. Attempts to understand them by rational standards fail. Since these people may show up from time to time among credit union members, often with desperate problems, some understanding of their inner conflicts may be useful.

A psychoanalyst who has given special attention to money neuroses is Edmund Bergler, whose book "Money and Emotional Conflicts" has just gone into a second printing. Money neurotics are sick people, Bergler points out. Some, such as misers, are almost impossible to help. One of the oddities of the money neurotic is that he rarely recognizes anything unusual in his attitude toward money. If he asks for psychiatric treatment, it is usually for some other reason. Frequently he is forced into the psychiatrist's office by his disturbed and embarrassed relatives, after he has had a brush with the law or thrown one tantrum too many.

Money neurotics show a variety of symptoms, but Bergler finds one central key to their disturbances, which the rational man naturally has trouble accepting. They all want to suffer. And suffer they do. Each ounce of unconscious pleasure they get, they pay for with tons of conscious suffering. The rational layman, the man with no particular insight into his own unconscious processes, finds it almost impossible to understand how people can be so contradictory. He has noticed that some people enjoy complaining about things, that some people make martyrs of themselves,

*Some people can't  
handle money. It  
handles them.  
They can't be  
understood by  
rational standards.*

# SICK ABOUT MONEY

but he has never realized how deep this streak can run in human nature.

Bergler describes the neurotic types in some detail, offering material from interviews with clients. Here are some of the symptoms he reports:

**The gambler.** The neurotic addicted to gambling never wins. He says sincerely that his purpose in gambling is to win money; but when he is on the winning end, he doesn't stop until he has lost all his winnings. "Just give me time and a little money," he says, "and I'll make it." He has taken as the basis of his faith the idea that since lots of money changes hands in gambling houses, one of these days it's going to end up in his hands. He overlooks the fact that even if it did, he wouldn't be able to hold on to it. A rational man would not devote his life to gambling in the first place, of course; the irrational gambler has a miserable time. Winning gives him only momentary conscious pleasure; losing gives him unconscious satisfaction, but so much conscious suffering that it often leads to suicide or crime.

The thrill in gambling involves a tension between pleasure and pain. There is often a sensation like defying fate, which puts the gambler in a position of pitting himself against the whole universe. There is also a defiance of conventional morality and the rules of normal behavior; the gambler may justify himself by saying everybody else is a hypocrite. He is going to show the world that saving pennies is not the only way to success.

"The gambler comes more and more to disregard the source of the money he needs for gambling," Bergler reports. "First he operates with his own money—earnings and savings—and as time goes on, less

and less of that money goes to the support of his family and more to gambling. He strains his credit, eventually resorting to the loan shark. Then family funds, business deposits, a client's trust fund are temporarily tapped. The last step in the dreary process is the forging of checks."

Rarely does a gambler consult a psychiatrist of his own volition, although once in a while, at the end of his rope, a gambler will beg to be locked up in prison or a mental institution. Addiction to gambling can be found in all groups of the population, Bergler says: among the rich and the poor, professional men and factory workers, men and women. Of course, there are many small-time addicts who manage to control themselves and limit their losses, but the pleasure they get from gambling seems to be identical with that of the heavy losers.

The only way you can understand

the gambling addict, says Bergler, is to understand that unconsciously he wants to lose.

**The success hunter.** The successful man, whether in business or some other area, has reasonable ambitions, does not take silly chances, finds pleasures in other things in life besides the amassing of money or power, and has some degree of inner contentment.

The success hunter, as Bergler defines him, has well-marked symptoms: he has a contempt for moderate earnings and an exaggerated idea of success, he constantly overworks, he feels a persistent inner tension, on the crest of success he is likely to feel dissatisfied and bored, he is cynical and hypersuspicious, he is contemptuous and ruthless toward the unsuccessful, he is opinionated, he can't enjoy simple pleasures, he is a victim

The gambler never stops until he has lost everything.



of inner depression and hypochondriacal worries.

To this type of man, everything is measured by money. He rarely has friends: he is jealous of those who seem to be more successful, uneasy about equals, and contemptuous of those beneath him. At best, he can attract a few associates of the yes-man type. Sex for him is another field for competition; he is often a wolf. At the same time, he is often impotent in his own marriage, a fact which suggests some of the inner contradictions in his character. Frequently these inner contradictions are so great and so uncontrollable that they subject this man to a series of



The gold-digger says she can't respect a man unless he has money.

business failures, precipitated by taking foolish chances or by antagonizing people. He justifies his overworking and constant tension by saying that if he weren't under constant tension, he wouldn't work at all. In this, there is a germ of fact. Whether in general he fails or succeeds in his career, this type of money neurotic feels more inner misery than any other, Bergler believes.

What the success hunter is fighting, Bergler says, is an unconscious desire to become passive and dependent.

**The miser.** Misers are by no means all old men living in run-down mansions. Miserliness is a peculiar hazard of the rich, says Bergler, who  
(Continued on page 26)

## FROM THE MANAGING DIRECTOR:



### Millions more credit union members

**O**UR 1958 year-end figures showed that there were 10,721,595 members in the United States and 2,253,677 in Canada. Those are sizable figures, but according to census estimates and our subtraction, there are 157,646,405 people in the United States and 14,794,323 people in Canada who don't belong to any credit union at all.

In the U.S., one out of every 17 persons is a credit union member. Canada's percentage is more than twice as good, but still only one out of every 8 persons belongs. That means that in the U.S., 16 out of 17, and in Canada, 7 out of 8 don't belong to any credit union.

Many millions of people will join as soon as credit unions are available to them; making credit unions available is the job of the present Credit Union Movement—the job of all credit union people.

#### Expand present charters

In many instances that can be done, so that more people can be eligible. Teachers' credit unions, for instance, can be expanded geographically in many instances; can be expanded to include all employees of all schools, public and private, from kindergarten to universities in other instances. Sometimes employees of several concerns in the same line of work may be combined into one credit union.

#### And get new charters

Many groups need credit union charters. There are still many employment groups without a credit union which are large enough to

have one. We can survey our own areas and offer help to each such group.

But common employment is only one of the three classifications on the common bond. The other two are associational and geographic. Many successful credit unions are within the common bond of clubs, churches, unions, cooperatives, farm organizations, etc. The potential in this area is virtually untapped.

The geographic common bond is another great potential. There are highly successful community credit unions in communities all across the continent, in Canada and in the U.S. Many of them are in communities with no banks at all. Thousands of communities need credit unions to serve millions of rural people.

#### Who will organize these credit unions?

Volunteers for the most part. You undoubtedly know of a group that needs a credit union and in which there may already be some interest. You can follow through on it and get that credit union into operation. Your League not only can, but should, assist you. The League will have literature and helps—and probably the assistance of a fieldman to get the new credit union started off right.

The credit union movement has grown to its present size largely on the work of volunteers. It is the volunteers—the credit union members themselves—who will make credit unions available to millions more credit union members.

**H. Vance Austin**





## THERE'S A NEED FOR SMALL LOANS

*This credit union finds one-third of its loans  
run \$50 or less, and it's not foolish borrowing at all.*

**W**E have never refused to make a loan because of lack of funds," says tall, white-haired Marguerite A. Grant, treasurer since 1953 of AMCO Credit Union in Windsor, Vermont. "And we don't consider any amount too small for a loan. If a member asks for \$2—and has no other pressing obligations—then \$2 is exactly what he gets. These policies have helped us tremendously. They are important reasons for our rapid growth."

Last year AMCO made 779 loans. More than a third of these (275) were for amounts of \$50 or less.

Here are some of the purposes for which AMCO members used these small loans during 1958: miscellaneous bills, car repairs, car insurance,

car registration, maple sugaring, groceries, life insurance, car muffler, tire, taxes, oil, repairing water works, optical work, pump repairs, vacation, medicine, fuel, medical bills, lenses, shopping trip, insurance premiums, college expenses, tractor chains, clothes, electrical bills, snow tires, poll taxes, cement blocks, children's clothes, moving expenses, boat, school clothes, hospital and travel to funeral.

### **Helps savings too**

Says one of AMCO's enthusiastic directors: "Our members greatly appreciate the opportunity to get small loans. These loans help with many emergencies. And they also give our treasurer and credit committee an

additional chance to encourage the member to continue or increase his savings schedule."

AMCO serves the employees of Cone Automatic Machine Company who are members of AMCO Labor Union. All are factory workers. Their wives and children are also in the field of membership. The group was organized in October, 1949. Its potential is approximately one thousand.

At the beginning of July, 1959, AMCO had 549 members. They owned \$237,855 in shares, held \$262,000 in assets and had \$176,800 outstanding in loans to 331 fellow-members. Since organization, the group has made a total of 8,631 loans amounting to \$3,295,115.20.

• **Active Committees.** AMCO's di-



Left: John H. Grant is a tool-maker and a charter member of the credit union. He's also treasurer of the Vermont Credit Union League.  
Member Laura Wood pushes "the cart" to all departments of the plant.

rectors believe in committee work. They want each committee to be active, and expect a high degree of participation from each committee member.

"Every officer, director and committeeman is a committee of one to tell others about our credit union," says Mrs. Grant. "Most of them carry membership application cards in their pockets. Others keep these forms in their tool boxes. But they all have one thing in common: they tell their fellow-employees about our credit union. And when they are unable to answer specific questions, they refer them to our office."

Adds board member John H. Grant, Sr., AMCO charter member and treasurer until he was succeeded by his wife in 1953: "We invite our committee members to each monthly board meeting. While all committee members are welcome, we expect at least one representative of each committee to be present. This helps us greatly in coordinating the activities of the credit union."

• **Credit Committee.** During its early stages, the credit committee approved only co-signed notes. But it soon began making furniture and car loans. Today AMCO is able to help many members with funds for home

appliances and TV sets. It also makes a limited number of real estate loans.

"Our committee is constantly adjusting itself to meet the needs created by our growth and experience," says credit committee chairman John Tinker, a tool setter. "About 25 per cent of our loans today are made with co-makers. We meet each Thursday morning in a company conference room. Loans approved during these morning sessions are issued to the members on the afternoon of the same day. Usually our members know about their money needs well in advance and waiting a week for committee action presents no problem. But whenever unexpected situations or emergencies arise, the committee meets at a moment's notice and takes immediate action."

The credit committee maintains its own reference file. This file covers all borrowing members. It consists of 5 by 8 cards which are kept up to date by the chairman. Each member's individual card lists his name, date of employment, department, number of dependents, loan dates, loan amounts, payment record, security, name of co-signer, and the notes which he has co-signed.

Chairman Tinker considers his committee's file "an extremely useful working tool." He points out that the time required to keep the file up to date is insignificant compared to the benefits received from it. "At one time we thought that we could keep all of this information in our heads. But we long ago learned that that was a mis-

take. I have served for four years on this committee, and I think that one of the most practical ways we can help future credit committeemen is to leave them this file as a record of our experience."

• **Auditing Committee.** AMCO's auditing committee makes a complete audit every three months. "We use quarterly statements instead of passbooks," says auditing committee chairman John Daignault, a cutter grinder, who serves also on the credit committee of Windsor's St. Francis Parish Credit Union. "We find that the quarterly statements are very economical. They are particularly practical in our case, since the bulk of our transactions is handled through payroll deduction. By eliminating hundreds of passbook entries each month, we are able to save time for our members and also for our office staff."

The committee uses sealed window envelopes to transmit the quarterly statements to the members. "The advantage of these window envelopes," Daignault points out, "is that they do away with the possibility of error in stuffing the statements. And, of course, they also eliminate the extra task of typing or addressographing the members' names. After stuffing and sealing the envelopes, the committee hands the statements directly to all shop stewards in each shop room for delivery to the individual member."

• **Educational activities.** Education plays an important role at AMCO. It is a constant process, carried on at two levels: (1) for directors and com-



mitteemen and (2) for the membership.

**• Board and Committee Training.** Both board and committee members attend chapter and league meetings regularly. AMCO pays the chapter meeting dinner expenses for all of its directors and committeemen. And it also pays the costs and expenses for all board and committee members to attend the annual meeting of the Vermont Credit Union League.

Comments Marguerite Grant: "This is a modest investment in the education of our leaders. It provides us with invaluable dividends through improved leadership training, a better understanding of credit union philosophy and better operational practices."

As part of AMCO's continuous effort to keep informed about new operational methods and techniques, the group is sending its treasurer to Madison, Wisconsin, to attend the three-year summer school sessions at the School for Credit Union Personnel.

"We expect that our credit union will benefit greatly from Mrs. Grant's advanced training in Madison," says AMCO president Stanley L. Roberts. "And I know that our chapter, as well as many other Vermont credit unions, will share these benefits with us. That's why our entire area rejoices in Mrs. Grant's important educational opportunity."

**• Member Education.** AMCO has an education committee of three members. Says charter member Camille J.

Raymond, a turret lathe operator who has served as AMCO's education committee chairman since organization: "Membership education is a year-round effort at AMCO. To our committee it represents an interesting challenge. We, too, learn as we help our membership get a better understanding of credit union principles, purposes and operation because we find that one technique or approach is more practical and easily understood than another. From these experiences we draw our conclusions and adjust our methods so that we can be more effective in the future."

Here are some of the devices which AMCO uses to promote education:

**Calendar cards.** At Christmas time the credit union arranges with management to place calendar cards for the next year into each employee's paycheck envelope. Says chairman Raymond: "These cards are an ever-present reminder of our services. And since they are distributed to all employees in the field of membership, they encourage non-members to join."

**Credit union buttons.** To identify credit union members at the annual meeting and during their everyday activities in the shop, AMCO distributes credit union buttons to all members.

**Plastic banks.** At the annual meeting AMCO passes out plastic banks to the membership. "These banks are inexpensive and still very practical," comments treasurer Grant. "They remind the members of the credit union and encourage savings."

Left: The credit committee includes Frank Riviezzo, John Tinker and Joseph Brooks. Right: Henry P. Chaplin is president of the plant. He knew Filene quite well.

**Calendar banks.** AMCO sells calendar banks to the membership. The group considers them a useful device to promote systematic savings. Says an AMCO board member: "Often all the member needs to become interested in savings is a reminder which jogs him regularly. Once the member has started to put aside small amounts regularly, it is a step toward saving more."

**Imprinted pencils.** Pencils with an imprint of the credit union's name are a stock promotional item at AMCO. The group uses them both for general distribution and also to pass out to new members at the time of signing their membership applications.

**Bylaws.** Last year AMCO printed its complete bylaws, then distributed a copy to each member. "Our committee found that the members greatly value this document," reports chairman Raymond of the education committee. "It helped them a great deal to get a better understanding of our method of operation."

**Bridge subscription.** AMCO subscribes to *The Credit Union Bridge* for all of its officers and committeemen. The group's part-time assistant treasurer also receives an individual copy.

(Continued on page 24)



# What about it?



## Annual meeting month

Is it absolutely necessary for our credit union to hold our annual meeting in January? Weather has been bad two years running, and we would like to hold our meeting at a better time for the members.—*From Idaho.*

### ANSWER:

All federal credit unions as well as state chartered groups in sixteen states and the District of Columbia are required by statute to hold their annual meetings in January.

Twelve states, the province of Ontario and the Fiji Islands follow the Model Credit Union Act which says that the annual meeting shall be held as provided in the bylaws. The Oregon law, which is based on the Model Act, spells out that the annual membership meeting must be held by February 15. And the Ontario law says that if the bylaws do not provide for an annual meeting date, then the meeting shall be held by the fourth Wednesday in January.

The credit union laws of nine states and the province of Newfoundland are silent on the subject of the annual meeting date. The nine states are: Alabama, Arizona, Arkansas, Connecticut, Florida, Idaho, Michigan, Ohio and Pennsylvania.

Several laws require that annual meetings be held within 30, 45 or 60 days after the end of the fiscal year. In British Columbia, Saskatchewan, Virginia and Wisconsin the statutes set the end of March as deadline. In Manitoba the annual meeting must take place before May 1. And in Missouri, New Brunswick and Prince Edward Island the law sets aside October as the annual meeting month.

In several jurisdictions without statutory annual meeting time requirements, the bylaws may specify a definite annual meeting month. Credit unions can change their bylaws with permission of the supervisory authority. But it is sound business practice to schedule the annual meeting soon after the close of the fiscal year. Reports, elections and dividend declaration should be delayed as little as possible. And if a

later meeting date should seem to be preferable in view of adverse weather conditions, then it may be worthwhile to look into the possibilities of changing the fiscal year to a date nearer to the desired meeting month.

## Quarterly Statements

Is it a good idea to make use of both quarterly statements and passbooks? Or should we make up our minds and decide on the use of one or the other?

### ANSWER:

An increasing number of credit unions are switching from passbooks to quarterly statements. Their reasons usually are convenience and economy. Groups with payroll deduction show preference for quarterly statements because they eliminate the need for individual passbook posting at the end of each pay period.

Many credit unions which use quarterly statements, follow a policy of issuing passbooks to those members who request them.

Here is how one experienced treasurer expresses his views: "We use both quarterly statements and passbooks. The majority of our membership is satisfied with the quarterly statements. I presume this is so because both their savings and loans are on payroll deduction. But a small portion of our membership would be very unhappy if we should suddenly drop our passbooks entirely. This group consists to a large extent of members who prefer to make their share and loan payments in person. We feel that we should go out of our way to meet the preference of this group. Of course we save a good deal of time by using quarterly statements for the majority of our membership. And we could achieve even greater economy if we should discontinue the use of passbooks. But we feel that no member should be required to use payroll deduction. And whenever a member chooses not to use payroll deduction, then it would seem that a passbook is a much more efficient way of record keeping than a sheaf of loose cash receipts."

One way to help members with

the transition from passbooks to quarterly statements is to offer them statement jackets in which they can keep their latest statements as well as all documents received between quarterly statements.

## Letterheads

Is it practical to print stationery with the names of the officers, directors and committeemen on the letterhead?

### ANSWER:

No. Since most credit unions have one or several changes on their boards and committees during the course of the business year, the letterhead would soon be out of date. Even under the most favorable conditions, letterheads reflecting the names of all board and committee members usually remain accurate for one year only. And for most credit unions it is very difficult to anticipate the exact stationery needs for such a limited period.

The result is that either too few or too many letterheads are ordered. If too much stationery is ordered, then there is danger of early obsolescence. And the credit union is faced with an expensive supplementary order if actual needs are underestimated.

Supplies are costly if ordered in small quantities. The most economical way to order stationery is to omit the names of board and committeemen from letterheads. Once this decision is made, the way is open to CUNA Supply's quantity price schedule. It provides substantial savings for large orders. And credit unions which order several years' stationery at the same time are able to reduce their cost for each unit of 1,000 imprinted sheets.

A distinctive design adds greatly to the prestige value of a letterhead. That is why more and more credit unions are asking CUNA's Advertising and Promotion department to prepare custom-made letterheads. This increases the cost of the stationery. But the additional cost is small when included in the overall letterhead expense for several years.



## in the NEWS



**William D. Brown** of the staff of the Utah Credit Union League has been appointed director of organization and education. **Ralph E. Smith** has been named director of field services by the Utah League. **Dennis L. Harris** has joined the Colorado Credit Union League as a field representative. The Quebec Credit Union League has named **Ed Parks** its public relations officer. **J. Eason Bouldin** of the Tennessee League has been appointed director of education; his position as fieldman in the Memphis area is being filled by **Glenn H. Shelton**.

**Amendments to the federal credit union act**, embodied in a bill titled HR 8305, passed the House of Representatives unanimously July 30. To become law, the bill has to pass the Senate and be signed by the president. Chances of this happening were considered pretty much of a long shot by the CUNA Washington office early in August, but not beyond the realm of possibility.

What has become clear during the last few months of attempting to get this bill through Congress is that the friends of the credit union movement are many and outspoken; but the strength of the opposition is hard to estimate because it works underground.

The bill as it passed the House contains provisions that: 1. increase the loan maturity limit from 3 to 5 years; 2. increase signature loan limit from \$400 to \$1,000; 3. authorize the appointment of loan officers; 4. authorize the appointment of membership officers; 5. permit fees for check cashing and check sales; 6. facilitate conversion of charter from state to federal and vice versa; 7. allow semi-annual dividends.

A test of strength came when friends of the credit union movement tried for passage of an additional amendment introduced on the floor. This amendment would have permitted federal credit unions to invest in the shares of central credit unions. Working for the amendment were Johnson (Colo.), Barr (Ind.), Patman (Tex.), C. W. Miller (Calif.), Cohelan (Calif.), Anderson (Mont.) and Reuss (Wis.). This amendment failed to pass by a vote of 95 to 33. However, the bill as passed requires the director of the Bureau of Federal Credit Unions to prepare recommendations for a system of central credit unions.

The Savings Bank Association of the State of New York, and a growing number of mutual savings banks in several states, have resigned from the American Bankers Association in protest against the association's **tax position**.

Mutual savings banks and savings and loan associations are beginning to hit back at commercial banks for the first time in the tax battle, which has developed as depositors have increasingly been attracted by the high rates paid on savings by mutual financial institutions. "Why shouldn't commercial banks pay a tax on their power to create money?" the savings and loan groups are beginning to ask out loud. The outlook is stormy.

**The 1959 Credit Union Yearbook** is being distributed by the CUNA public relations department. All leagues have received their copies, but more are available in reasonable quantities.

The service that CUNA gives to **groups in distant countries** gets a nice plug from Raymond W. Miller in his new book, "Can Capitalism Compete?" Miller was meeting in New Delhi, India, with a group of fifty conferring on how to control moneylenders, when a package of credit union materials arrived from CUNA. It had been requested only a few days before, says Miller, and here it was, costing CUNA perhaps ten dollars in postage. "No one," says Miller, "who has not experienced a similar session can understand the enthusiasm with which the information in the material was discussed—but even more than that, the lesson it taught of America was inestimable."

The **California franchise tax** has been increased from \$25 to \$100 by new legislation signed in late June by Governor Pat Brown; it applies to credit unions as well as to other franchised corporations. However, several state senators have indicated they will support an exemption for credit unions.

A bill has been passed in **Illinois** that establishes a \$20 charter fee for credit unions (previously there was none), lowers the potential for community credit unions from 30,000 to 20,000, raises examination fees, prohibits credit unions from investing more than 25 percent of their unimpaired capital and surplus in other credit unions, and raises the potential requirement from 50 to 100 for association credit unions. Harsher provisions were deleted as a result of Illinois League opposition.

The **British Columbia** Government has set up a credit union reserve board, to carry out a stabilization program. The 15-man board includes credit unionists Don Bentley, Farley Dickinson, Robert F. Williams. Goal is to set up a reserve fund of \$250,000 in five years to protect share accounts.

**Consumer installment credit** increased \$452,000,000 in the United States during June, according to seasonally adjusted figures released by the Federal Reserve System. Credit unions showed an increase of \$79,000,000 in loans outstanding, as compared to an increase of \$32,000,000 in June 1958. Commercial banks and sales finance companies showed dramatic increases for June as compared to the same month a year ago, but taking gains for the twelve-month period as a whole, credit unions stood second only to commercial banks. Total loans outstanding in U. S. credit unions were \$2,881,000,000, the Federal Reserve report indicates.

**William F. Martin**, formerly director of education for the Pennsylvania League, becomes managing director of the Massachusetts CUNA Association September 1. **John Marker** has joined the Michigan Credit Union League as a field representative.

CUNA Mutual Insurance Society reported a new high in coverage May 31, when insurance in force reached \$4,488,865.159. Major medical contracts were multiplying rapidly, the company said.

**Bill Broxterman**, recently CUNA's assistant director of organization, will become director of education for the Texas League. **Gerald Newell** has been appointed field representative for the Arizona League. **J. Stewart Gurske**, formerly an insurance examiner for the state of Wisconsin, has joined CUNA Mutual Insurance Society as research associate. **Ed Benysek**, Minnesota League field representative, has been named director of organization and field services; and **Jerry Hoff**, Minnesota, has been appointed specialist in the field of large credit unions. **Edward W. Gilbert** replaces Raymond Budbill as manager of the Ohio Central Credit Union, and **Victor W. Wemlinger** becomes the Ohio League's director of field services.

A credit union league has been organized in **Peru**, and the managing director will be Rev. Daniel McLellan, who organized the first credit union in that country. A new field representative to work in Central and South America has joined the CUNA world extension department: he is **Alfonso Verduzco**, treasurer-manager of St. Joseph's Federal Credit Union of Saginaw, Michigan. He will be stationed in Costa Rica.

CUNA Mutual has announced details on a new **temporary disability** endorsement available on loan protection insurance. When a borrower is unable to make his payments due to total disability for three or more months, loan protection with the endorsement will pay principal and interest up to \$150 monthly. Cost of the endorsement is 1 cent per \$100, added to the regular loan protection premium. It's available throughout Canada and in all states except Idaho, Kansas,

Michigan, New Hampshire, North Dakota, Texas, Vermont and Virginia.

**Interest rates** on consumer credit will tend to rise during the rest of 1959, according to the majority opinion of group of executives gathered in conference at Harriman, New York. . . **Sears Roebuck** will extend **revolving charge account service** to mail order customers as well as store customers. . . **The Bank of Montreal** is entering the field of consumer loans, offering credit up to \$3,500 at a 6 percent discount rate plus fees. . . Eight out of ten Canadian stores surveyed recently now offer **revolving credit plans**, with charges running from 1 percent to 1½ percent per month.

**In-plant banking**, which thus far has been limited largely to California, took a body blow in Ohio recently when the Superintendent of Banks stated that he considered in-plant banking a violation of state regulations on branch banking. The same official said he thinks revolving credit plans operated by banks are a violation of Ohio law.

The name of the street on which the new **Ontario Credit Union League** building is being erected will be changed by the city council to "Credit Union Drive." **The British Columbia League** has voted to pay CUNA an extra 1 cent per member in dues for the support of the world extension department. **The Louisiana League** held its first conference for chapter presidents in June. **The Iowa League**, through its stabilization fund, has advanced money to the Sioux City Cudahy Employees Credit Union to make up a shortage and restore share balances to full value.

There were **150 new credit unions** organized in May, according to reports received by the CUNA organization department.

**John Bickel** has been named assistant director of organization for CUNA, replacing Bill Broxterman, who recently became director of education for the Texas Credit Union League. **John Lovelace** has left his job as assistant editor of The Credit Union Bridge to become administrative assistant to the executive office of CUNA. **John T. Croteau**, Notre Dame economist and specialist in credit union analysis, has been named a member of a tax panel on mutual financial institutions appointed by the House Committee on Ways and Means.

In St. Louis, **armed bandits** held up the KEMBA St. Louis Credit Union and got away with \$6,000 in checks and cash. In Jacksonville, a police sergeant and credit union treasurer named Neal C. Carlquist committed **suicide** after he was suspended from the police force as a result of a reported \$50,000 shortage. Also in Jacksonville, a three-year sentence was imposed on Barney Kegley, former treasurer of the Atlantic Coast Line Employees Credit Union, who pleaded **guilty of embezzling** more than \$20,000.

1-4-57	Bal. Brd Ford.	61.57	60
1-5-57	165.00		
1-18-57	15.00	166.57	
1-18-57	11.00	177.57	
1-21-57		172.57	
2-2-57	70.00	182.57	180
2-17-57	100.00	282.57	
2-26-57		252.57	
2-26-57	22.00	230.57	
2-15-57		302.57	
2-15-57	13.50	287.07	
3-10-57	25.00	262.07	240
3-10-57	60.00	322.07	
3-17-57	70.00	392.07	
3-17-57	160.00	552.07	540
3-17-57	20.00	532.07	
3-17-57		562.07	
3-17-57	12.00	574.07	
3-17-57	6.00	580.07	
3-17-57	13.00	593.07	
3-17-57		577.07	
3-17-57	40.00	617.07	605
3-17-57		647.07	
3-17-57	25.00	672.07	
3-17-57	471 Div.	536.30	

	.00
JUNE	5.65
MAY	5.60
APRIL	2.60
MARCH	2.60
FEBRUARY	1.80
JANUARY	.60
	18.85

## THE SHARE-DOLLAR METHOD

*saves as much as  
50 percent of your time,  
compared with  
the share-month method,  
when you're  
calculating dividends.*

"WE have tried both the share-month and the share-dollar method of calculating dividends," says bus driver Clifford B. Schmitt, treasurer of the 169-member Motor Coach Employees Credit Union in Madison, Wisconsin. "Until about three years ago we used the share-month system. We didn't know there was any other method, and we were satisfied. But then we learned about the share-dollar method. It is much simpler, and it cuts our dividend calculation time almost in half because it eliminates several steps. Now we are sold on the share-dollar method and wouldn't think of returning to the time-consuming share-month system."

This comment is typical of treas-

urers who have switched to the share-dollar system. Today the share-month method is gradually falling out of use. More and more credit unions are adopting the share-dollar method. They find it more efficient because it bypasses the monthly calculation of the number of shares held in each account.

Both share-month and share-dollar calculations are based on the number of complete and consecutive months during which fully-paid-up shares remain continuously in the member's account, up to and including the last day of the dividend period.

Both methods are equally fair to the membership. They lead to the same result. The only differences between

them are procedural. But these procedural differences save a substantial amount of time.

### Share-dollars

There are only four operations involved in share-dollar calculation. These are simply marking the member's share ledger, reading off the full shares, adding up share-dollar totals and getting the final result with the aid of an easily found index number or factor. This can be done very quickly.

Here are the steps for using the share-dollar method:

- Take the member's individual ledger card and underline each month's lowest share balance. Use a colored pencil if you wish. (In federal credit unions the cut-off date is the last day of the previous month. But in some state-chartered groups, share payments made early during the month receive full dividend credit.)
- If the same underlined share balance applies to several consecutive months, write the number of months to the right of the underlined amount and draw a small circle around it. This will help you put the monthly totals on the adding machine. (See sample ledger below.)
- Scale down the underlined items to the nearest full \$5 unit and enter them as dollar amounts in the "Full Shares" column of the individual ledger (\$567.09 becomes \$565). (Or if the card has no "Full Shares" column, you can work directly on tape.) Begin with

the last month of the dividend period (usually this is June or December). And, working from the bottom up, proceed backward to the first month (usually January or July).

Every entry in the "Full Shares" column from June (or December) to January (or July) reflects the lowest fully-paid share-dollar amount which appears in the member's account during the month—as month is defined for dividend purposes under your statute or by-laws. And since dividends are earned only on shares which have remained continuously in the members' amount up to and including the end of the dividend period (June or December), no month's entry can be larger than an entry for a later month.

● You get the total share-dollars by adding the "Full Shares" column with an adding machine. Start out with the last month of the dividend period. This gives you an additional check on any withdrawals which you may have overlooked. And remember to look for encircled figures to the immediate right of the underlined share-dollars. They indicate that the adjacent underscored share-dollar amount represents several months. If the encircled figure says 3, for example, be sure to put the share-dollar amount on that line three times on your adding machine tape.

● If your individual share ledger does not have a "Full Shares" column and you are using a tape, reduce the underscored share-dollars to the near-

est \$5 unit and run up the respective monthly amounts on the adding machine. The monthly tape listings—like the individual ledger listings—begin with the last month of the dividend period and end with the first month. And, as you move back through the period, no succeeding entry can be larger than the previous one.

● Before totaling your taped share-dollars, check the number of tape entries. In most cases, the number of items on the tape should be the same as the number of months in the dividend period. Two exceptions to this rule are: (1) members who joined during the period and (2) members who reduced their share balance during the period to less than one full share.

### Figuring dividend amounts

After adding the share-dollars, the next step is to convert them into dividend amounts. This is a very simple task which takes little time and can be accomplished in several ways. The most common methods are (1) the unabbreviated procedure, (2) the divisor method, (3) the chart method and (4) the factor method. All four methods lead, of course, to the same result. But procedures 1, 2 and 3 are particularly suited to meet the needs of small credit unions. The fourth procedure—which is the factor method—requires the use of a calculator. Since small credit unions rarely own a calculator and may have no access to one, the factor method is used primarily by large groups.

Here are four methods of converting share-dollars into dividend amounts:

(1) The least refined method is the *unabbreviated procedure*. It consists of dividing the share-dollar total by 12 and multiplying the result by the dividend percentage. The decimal point is then placed two spaces to the left. (This procedure is the same for semi-annual and annual dividends.)

*Example:* Your credit union has declared a 3 percent dividend and wants to calculate the dollar amount earned by 600 share-dollars. This calls for the following calculation:  $600 \div 12 = 50 \times 3 = 150$ . By placing the decimal point two spaces to the left, you obtain a dividend of \$1.50.

(2) But a much simpler way of converting share-dollars into dividends is to use the *divisor method*. It consists

## THE DIVISOR METHOD OF CALCULATING DIVIDENDS

To calculate the individual dividend, divide the share-dollars on the individual ledger card (as outlined in the above article) by the index number which follows the dividend amount declared.

For 1½% ..... divide the share-dollars by 8

For 2% ..... divide the share-dollars by 6

For 2.4% ..... divide the share-dollars by 5

For 3% ..... divide the share-dollars by 4

For 4% ... divide the share-dollars by 3

Place the decimal two places to the left.

A 3 percent dividend on 1200 share-dollars would be  $1200 \div 4$  or \$3.00. Or, to use the ledger card on page 13: divide 1885 by 4. And you will have \$4.71.

Some credit union managers say they can divide a single digit into the total share-dollars as they write the entry on the individual ledger card much easier than to use a chart. Some statisticians claim that a chart is more accurate and quicker when you consider several hours of concentrated work.



# BASED ON SHARE DOLLARS

## DIVIDEND CALCULATION SHEET 2% Dividend

	0	100	200	300	400	500	600	700	800	900
0		.17	.33	.50	.67	.83	1.00	1.17	1.33	1.49
5	.01	.17	.34	.51	.67	.84	1.01	1.17	1.34	1.50
10	.02	.18	.35	.52	.68	.85	1.02	1.18	1.35	1.51
15	.02	.19	.36	.52	.69	.86	1.02	1.19	1.36	1.52
20	.03	.20	.37	.53	.70	.87	1.03	1.20	1.37	1.52
25	.04	.21	.37	.54	.71	.87	1.04	1.21	1.37	1.53
30	.05	.22	.38	.55	.72	.88	1.05	1.22	1.38	1.54
35	.06	.22	.39	.56	.72	.89	1.06	1.22	1.39	1.55
40	.07	.23	.40	.57	.73	.90	1.07	1.23	1.40	1.56
45	.07	.24	.41	.57	.74	.91	1.07	1.24	1.41	1.57
50	.08	.25	.42	.58	.75	.92	1.08	1.25	1.42	1.57
55	.09	.26	.42	.59	.76	.92	1.09	1.26	1.42	1.58
60	.10	.27	.43	.60	.77	.93	1.10	1.27	1.43	1.59
65	.11	.27	.44	.61	.77	.94	1.11	1.27	1.43	1.60
70	.12	.28	.45	.62	.78	.95	1.12	1.28	1.44	1.61
75	.12	.29	.46	.62	.79	.96	1.12	1.29	1.45	1.62
80	.13	.30	.47	.63	.80	.97	1.13	1.30	1.46	1.62
85	.14	.31	.47	.64	.81	.97	1.14	1.31	1.47	1.63
90	.15	.32	.48	.65	.82	.98	1.15	1.32	1.47	1.64
95	.16	.32	.49	.66	.82	.99	1.16	1.32	1.48	1.65
1,000		1.667		4,000		6.667		8,000		13.333
2,000		3.333		5,000		8.333		9,000		15.000
3,000		5.000		6,000		10.000		10,000		16.667

## DIVIDEND CALCULATION SHEET 2½% Dividend

	0	100	200	300	400	500	600	700	800	900
0		.21	.42	.62	.83	1.04	1.25	1.46	1.67	1.87
5	.01	.22	.43	.64	.84	1.05	1.26	1.47	1.68	1.89
10	.02	.23	.44	.65	.85	1.06	1.27	1.48	1.69	1.90
15	.03	.24	.45	.66	.86	1.07	1.28	1.49	1.70	1.91
20	.04	.25	.46	.67	.87	1.08	1.29	1.50	1.71	1.92
25	.05	.26	.47	.68	.88	1.09	1.30	1.51	1.72	1.93
30	.06	.27	.48	.69	.90	1.10	1.31	1.52	1.73	1.94
35	.07	.28	.49	.70	.91	1.11	1.32	1.53	1.74	1.95
40	.08	.29	.50	.71	.92	1.12	1.33	1.54	1.75	1.96
45	.09	.30	.51	.72	.93	1.14	1.34	1.55	1.76	1.97
50	.10	.31	.52	.73	.94	1.15	1.35	1.56	1.77	1.98
55	.11	.32	.53	.74	.95	1.16	1.36	1.57	1.78	1.99
60	.12	.33	.54	.75	.96	1.17	1.37	1.58	1.79	2.00
65	.14	.34	.55	.76	.97	1.18	1.39	1.59	1.80	2.01
70	.15	.35	.56	.77	.98	1.19	1.40	1.60	1.81	2.02
75	.16	.36	.57	.78	.99	1.20	1.41	1.61	1.82	2.03
80	.17	.37	.58	.79	1.00	1.21	1.42	1.62	1.83	2.04
85	.18	.39	.59	.80	1.01	1.22	1.43	1.64	1.84	2.05
90	.19	.40	.60	.81	1.02	1.23	1.44	1.65	1.85	2.06
95	.20	.41	.61	.82	1.03	1.24	1.45	1.66	1.86	2.07
1,000		2.083		4,000		8.333		8,000		16.667
2,000		4.167		5,000		10.417		9,000		18.750
3,000		6.250		6,000		12.500		10,000		20.833

## DIVIDEND CALCULATION SHEET 3% Dividend

	0	100	200	300	400	500	600	700	800	900
0		.25	.50	.75	1.00	1.25	1.50	1.75	2.00	2.25
5	.01	.26	.51	.76	1.01	1.26	1.51	1.76	2.01	2.26
10	.03	.28	.53	.78	1.03	1.28	1.53	1.78	2.03	2.28
15	.04	.29	.54	.79	1.04	1.29	1.54	1.79	2.04	2.29
20	.05	.30	.55	.80	1.05	1.30	1.55	1.80	2.05	2.30
25	.06	.31	.56	.81	1.06	1.31	1.56	1.81	2.06	2.31
30	.08	.33	.58	.83	1.08	1.33	1.58	1.83	2.08	2.33
35	.09	.34	.59	.84	1.09	1.34	1.59	1.84	2.09	2.34
40	.10	.35	.60	.85	1.10	1.35	1.60	1.85	2.10	2.35
45	.11	.36	.61	.86	1.11	1.36	1.61	1.86	2.11	2.36
50	.13	.38	.63	.88	1.13	1.38	1.63	1.88	2.13	2.38
55	.14	.39	.64	.89	1.14	1.39	1.64	1.89	2.14	2.39
60	.15	.40	.65	.90	1.15	1.40	1.65	1.90	2.15	2.40
65	.16	.41	.66	.91	1.16	1.41	1.66	1.91	2.16	2.41
70	.18	.43	.68	.93	1.18	1.43	1.68	1.93	2.18	2.43
75	.19	.44	.69	.94	1.19	1.44	1.69	1.94	2.19	2.44
80	.20	.45	.70	.95	1.20	1.45	1.70	1.95	2.20	2.45
85	.21	.46	.71	.96	1.21	1.46	1.71	1.96	2.21	2.46
90	.23	.48	.73	.98	1.23	1.48	1.73	1.98	2.23	2.48
95	.24	.49	.74	.99	1.24	1.49	1.74	1.99	2.24	2.49
1,000		2.500		4,000		10.000		8,000		20.000
2,000		5.000		5,000		12.500		9,000		22.500
3,000		7.500		6,000		15.000		10,000		25.000

## DIVIDEND CALCULATION SHEET 3½% Dividend

	0	100	200	300	400	500	600	700	800	900
0		.29	.58	.87	1.17	1.46	1.75	2.04	2.33	2.63
5	.01	.31	.60	.89	1.18	1.47	1.76	2.06	2.35	2.64
10	.03	.32	.61	.90	1.20	1.49	1.78	2.07	2.36	2.65
15	.04	.34	.63	.92	1.21	1.50	1.79	2.09	2.38	2.67
20	.06	.35	.64	.93	1.22	1.52	1.81	2.10	2.39	2.68
25	.07	.36	.66	.95	1.24	1.53	1.82	2.11	2.41	2.70
30	.09	.38	.67	.96	1.25	1.55	1.84	2.13	2.42	2.71
35	.10	.39	.69	.98	1.27	1.56	1.85	2.14	2.44	2.73
40	.12	.41	.70	.99	1.28	1.57	1.87	2.16	2.45	2.74
45	.13	.42	.71	1.01	1.30	1.59	1.88	2.17	2.46	2.76
50	.15	.43	.73	1.02	1.31	1.60	1.90	2.19	2.48	2.77
55	.16	.45	.74	1.04	1.33	1.62	1.91	2.20	2.49	2.79
60	.17	.47	.76	1.05	1.34	1.63	1.92	2.22	2.51	2.80
65	.19	.48	.77	1.06	1.36	1.65	1.94	2.23	2.52	2.81
70	.20	.50	.79	1.08	1.37	1.66	1.95	2.25	2.54	2.83
75	.22	.51	.80	1.09	1.39	1.68	1.97	2.26	2.55	2.84
80	.23	.52	.82	1.11	1.40	1.69	1.98	2.27	2.57	2.86
85	.25	.54	.83	1.12	1.41	1.71	2.00	2.29	2.58	2.87
90	.26	.55	.85	1.14	1.43	1.72	2.01	2.30	2.60	2.89
95	.28	.57	.86	1.15	1.44	1.74	2.03	2.32	2.61	2.90
1,000		2.917		4,000		11.667		8,000		23.333
2,000		5.833		5,000		14.583		9,000		26.350
3,000		8.750		6,000		17.500		10,000		29.167

## DIVIDEND CALCULATION SHEET 4% Dividend

	0	100	200	300	400	500	600	700	800	900
0		.33	.67	1.00	1.33	1.67	2.00	2.33	2.67	3.00
5	.02	.35	.68	1.02	1.35	1.68	2.02	2.35	2.68	3.02
10	.03	.37	.70	1.03	1.37	1.70	2.03	2.37	2.70	3.03
15	.05	.38	.72	1.05	1.38	1.72	2.05	2.38	2.72	3.05
20	.07	.40	.73	1.07	1.40	1.73	2.07	2.40	2.73	3.07
25	.08	.42	.75	1.08	1.42	1.75	2.08	2.42	2.75	3.08
30	.10	.43	.77	1.10	1.43	1.77	2.10	2.43	2.77	3.10
35	.12	.45	.78	1.12	1.45	1.78	2.12	2.45	2.78	3.12
40	.13	.47	.80	1.13	1.47	1.80	2.13	2.47	2.80	3.13
45	.15	.48	.82	1.15	1.48	1.82	2.15	2.48	2.82	3.15
50	.17	.50	.83	1.17	1.50	1.83	2.17	2.50	2.83	3.17
55	.18	.52	.85	1.18	1.52	1.85	2.18	2.52	2.85	3.18
60	.20	.53	.87	1.20	1.53	1.87	2.20	2.53	2.87	3.20
65	.22	.55	.88	1.22	1.55	1.88	2.22	2.55	2.88	3.22
70	.23	.57	.90	1.23	1.57	1.90	2.23	2.57	2.90	3.23
75	.25	.58	.92	1.25	1.58	1.92	2.25	2.58	2.92	3.25
80	.27	.60	.93	1.27	1.60	1.93	2.27	2.60	2.93	3.27
85	.28	.62	.95	1.28	1.62	1.95	2.28	2.62	2.95	3.28
90	.30	.63	.97	1.30	1.63	1.97	2.30	2.63	2.97	3.30
95	.32	.65	.98	1.32	1.65	1.98	2.32	2.65	2.98	3.32
1,000		3.333		4,000		13.333		8,000		26.667
2,000		6.667		5,000		16.667		9,000		30.000
3,000		10.000		6,000		20.000		10,000		33.333

## DIVIDEND CALCULATION SHEET 4½% Dividend

	0	100	200	300	400	500	600	700	800	900
0		.38	.75	1.13	1.50	1.88	2.25	2.63	3.00	3.38
5	.02	.39	.77	1.14	1.52	1.89	2.27	2.64	3.02	3.39
10	.04	.41	.79	1.16	1.54	1.91	2.29	2.66	3.04	3.41
15	.06	.43	.81	1.18	1.56	1.93	2.31	2.68	3.06	3.43
20	.08	.45	.83	1.20	1.58	1.95	2.33	2.70	3.08	3.45
25	.09	.47	.84	1.22	1.59	1.97	2.34	2.72	3.09	3.47
30	.11	.49	.86	1.24	1.61	1.99	2.36	2.74	3.11	3.49
35	.13	.51	.88	1.26	1.63	2.01	2.38	2.76	3.13	3.51
40	.15	.53	.90	1.28	1.65	2.03	2.40	2.78	3.15	3.53
45	.17	.54	.92	1.29	1.67	2.04	2.42	2.79	3.17	3.54
50	.19	.56	.94	1.31	1.69	2.06	2.44	2.81	3.19	3.56
55	.21	.58	.96	1.33	1.71	2.08	2.46	2.83	3.21	3.58
60	.23	.60	.98	1.35	1.73	2.10	2.48	2.85	3.23	3.60
65	.24	.62	.99	1.37	1.74	2.12	2.50	2.87	3.24	3.62
70	.26	.64	1.01	1.39	1.76	2.14	2.51	2.89	3.26	3.64
75	.28	.66	1.03	1.41	1.78	2.16	2.53	2.91	3.28	3.66
80	.30	.68	1.05	1.43	1.80	2.18	2.55	2.93	3.30	3.68
85	.32	.69	1.07	1.44	1.82	2.19	2.57	2.94	3.32	3.69
90	.34	.71	1.09	1.46	1.84	2.21	2.59	2.96	3.34	3.71
95	.36	.73	1.11	1.48	1.86	2.23	2.61	2.98	3.36	3.73
				4.00		15.000				
1,000		3.750	5.000			18.750		8,000		30.000
2,000		7.500	6.000			22.500		9,000		33.750
3,000		11.250	7.000			26.250		10,000		37.500

of dividing the share-dollar total by an index number. To obtain the index number, divide 12 by the dividend percentage. Afterwards, place the decimal point two spaces to the left.

**Example:** If your credit union has declared a 3 percent dividend and the member's accumulated share-dollar total is 600, these are the three steps necessary with the divisor method: (1) Divide 12 by 3. This produces an index number of 4, which is your divisor. (2) Divide 600 by 4. You now have the figure of 150. Then (3) place the decimal point two spaces to the left of 150. This gives you a dividend of \$1.50.

(3) A third way to convert share-dollars into dividend amounts is the *chart method*. It is based on the dividend calculation charts published with this article. Many treasurers consider this the most efficient method for small credit unions which do not have a calculator.

But some treasurers still prefer the divisor method. They find that they can divide a single digit into the total share-dollars in less time than it would take them to use a chart.

(4) Another way is the *factor method*. It is a tremendous time-saver for credit unions which have a calculating machine. All that the treasurer needs to do is to lock the factor on the calculator keyboard and multiply it by the share-dollar total.

This is the formula for obtaining the factor: Divide the dividend percentage by 12.

**Example:** If your group has de-

clared a 3 percent dividend, you would make this calculation:  $.03 \div 12 = .0025$ . And the factor to be locked into your calculator would be .0025.

### Figuring Costs

**Estimating dividend cost.** After the share-dollars are calculated, the next step is to estimate the dividend cost.

Credit union dividends are paid from the undivided earnings which remain after setting aside adequate amounts for reserves, education, salaries and other budgeted items. But before the treasurer can recommend a dividend rate, he needs to know whether his group can afford it. He gets this information by making advance estimates of dividend costs at various rate levels.

Here are two methods of advance dividend calculation. One helps the treasurer to get a rough idea of the cost of the dividend. But it does not lead to accurate results. The other method requires substantially more work. But its results are completely reliable.

● **Rough Calculation.** By adding the share balances listed in the financial and statistical reports for all months of the dividend period, the treasurer can obtain a rough estimate of the approximate number of share-dollars earned by the membership. This method does not lead to accurate results. But it is popular with many experienced treasurers. Some of them feel that a detailed estimate is too

costly to make it practical. And others say that they have learned to compensate for the rough results by taking withdrawal trends into consideration.

● **Close Estimate.** But for accurate and detailed dividend estimates, addition of the actual share-dollar earnings of the membership assures the best results. When using this method, substantial time can be saved by dividing the members' share ledgers into easily manageable work units. These units make it easier to catch errors in posting, addition and calculation. They help materially in keeping a tighter control over the total dividend accounting process. That's why most credit union treasurers refer to these work units as "control" units.

These are the two advantages gained from the use of small control units while adding the members' share-dollar totals: (1) The work can be divided among a larger number of individuals and (2) errors can be located and corrected much more speedily.

**Using Dividend Tables.** Let us assume that your credit union has estimated undivided earnings of \$300, and that your members have accumulated 120,000 share-dollars for the dividend period. Of course you have no way of knowing how large a dividend your group can afford to pay until you have experimentally calculated the cost of several rates. That's when the dividend charts printed with this article are a great time-saver.

Taking a look at the 3 percent table, for example, you will find that 120,000 share-dollars produce a dividend of exactly \$300. The chart is easily used.

#### Example:

From the 3 percent chart  
100,000 share-dollars \$250.00  
20,000 share-dollars \$ 50.00

120,000 share-dollars \$300.00

To use this chart, divide 120,000 share dollars into two units. This is necessary because the chart's listings are limited to 10,000 share-dollars. And the most convenient units in this case are 100,000 and 20,000, as in the example.

The dividend amount for 100,000 is then calculated by taking the dividend for 10,000 share-dollars on the 3 percent chart and moving the decimal point one place to the right. This converts \$25 to \$250. And for the 20,000 share-dollars, read the chart

## THE FACTOR METHOD OF CALCULATING DIVIDENDS

Those who have a calculating machine available may choose the Factor Method of calculating dividends. The individual dividend is obtained by multiplying the factor for the dividend declared by the number of share-dollars. (Note preceding article for method of determining share-dollars.)

1% .....	.0008333	3% .....	.0025
1½% .....	.00125	3½% .....	.0029167
2% .....	.0016667	4% .....	.0033333
2½% .....	.0020833	4½% .....	.00375

Usually the factor can be locked on the keyboard of the calculating machine. By merely putting the number of share-dollars into the machine the total amount of the dividend appears.

# DIVIDEND CONTROL SHEET

1	2	3	4	5	6	7	8	9
Account Numbers	Share-Dollars	Estimated Dividend	Actual Dividend	Difference 3 & 4	Shares Before Dividend	Total Of 4 & 6	Shares After Dividend	Difference 7 & 8
1-100	\$147,940.00	\$ 369.85	\$ 369.98	13	\$26,150.67	\$26,520.65	\$26,520.65	
101-200	114,565.00	286.41	286.49	8	20,084.19	20,320.68	20,320.68	
201-300	89,165.00	222.91	223.05	14	16,351.73	16,574.78	16,574.78	
301-400	57,295.00	143.24	143.35	11	9,966.67	10,110.02	10,110.02	
TOTAL	\$409,965.00	\$1,022.41	\$1,022.87		\$72,503.26	\$73,526.13	\$73,526.13	

for 2,000 share-dollars. Then move the decimal point one space to the right. The result is \$50.

Of course it is the function of the board of directors or the membership—depending upon each credit union's by-laws—to determine the dividend rate. This group might decide to hold back a little and pay a dividend of 2½ percent.

In that event, the dividend table would yield these figures:

From the 2½ percent chart  
100,000 share-dollars \$208.33  
20,000 share-dollars \$ 41.67

120,000 share-dollars \$250.00

The dividend calculation charts printed with this article can be used for either semi-annual or annual dividends.

## Control Sheet Helps

● **Controls.** Once the dividend has been declared, you will need to prepare a control sheet to help you check the accuracy of your calculations and posting. Follow these steps, as in the diagram below:

1. Determine the unit control of individual accounts to be placed in column 1 of the control sheet. (Bridge chose units of 100 for its example because they make practical work units for assignment to a number of people.)

2. Run tape by units on present share balances and post total on control sheet column 6.

3. Run tapes on share-dollars by units and post in column 2 of dividend control sheet.

4. Total the share-dollars from the individual ledger cards to calculate the dividend which can be paid.

5. Take tape of the dividends posted by control units and post to control sheet column 4.

6. Post differences between column 3 and 4 in column 5. If the difference

is more than 25¢, an error is likely and should be checked.

7. Take tape by units of shares after dividends and post to control sheet column 8.

8. Check to see that the total of column 4 and column 6 equals the total of column 7.

9. Note the differences between columns 7 and 8. If error, recheck until balanced.

10. Take total of all dividends in column 4 and post to the general ledger.

**Mechanical aids.** Credit unions with bookkeeping machines find that mechanization reduces the time required for dividend posting. Here is what several experienced credit unionists have to say about their experience with mechanical equipment:

● **Cook Electric Employees Credit Union,** Chicago, Illinois. Says treasurer James Enright: "We have 2,300 share accounts. Posting the dividends on the members' individual ledgers takes us from three and one-half to four work days. We suspend our daily posting entirely while the dividend posting is in progress. This creates no problem for us since the majority of our transactions are handled through payroll deduction."

But many credit unions with a substantial amount of cash transactions find it impractical to halt all daily activity while their bookkeeping machine is used for dividend posting. Some of these reluctantly resort to after-hours work at the end of the dividend period. But many cash credit unions prefer to reduce their service hours temporarily so that they can machine-post the dividends before or after window hours without the additional cost and strain of overtime.

● **Peoples Co-op Credit Union,** Chicago, Illinois. "Last year we em-

ployed a high school student for one week to calculate our dividends," recalls treasurer-manager Charles A. Beckett. "She was able to complete calculation for our 2,700 share accounts in thirty-seven hours. We had her write the dividend in ink on the member's share card next to the date. But actual machine posting did not take place until the member sent or brought his passbook to our office early this year for a share or loan payment. At that time we posted the dividends to the member's share account as of December 31, 1958."

● **Teletype Employees Credit Union,** Chicago, Illinois. "About two years ago we changed our entire bookkeeping system to IBM equipment," reports treasurer Stanley Norman. "Calculating and posting the dividends for our three thousand members takes from 6 to 10 hours. Since all of our accounting is handled with IBM machinery, the time used for dividend computation is so nominal as to create no additional cost for us."

Teletype uses its sponsor's IBM facilities. The sponsor bills Teletype monthly. The average monthly billing is in the neighborhood of \$170.

"Giving this giant IBM machine instructions on handling our credit union's program is a one-time expense," comments Stan Norman. "But this expense is quite substantial. It may run as high as \$2,000 or \$3,000."

Dividend computation is simplified with the IBM equipment because the operator already has a punch card with each member's individual monthly share balance.

**Conclusion.** The share-dollar method is an important simplification in dividend calculation. It raises operational efficiency and saves time. And it has the added advantage of being equally adaptable to the needs of small and large credit unions.





Upper left: Bert F. Beales, manager of CUNA Supply Cooperative for many years, has resigned from the post of executive coordinator, which he has held since last year. He tells his friends he is considering settling in Florida.

Above: The Illinois League Yearbook pleases Harold C. Kann of the Marshall Field Employees Credit Union and two members of his staff, whose names have not been released.

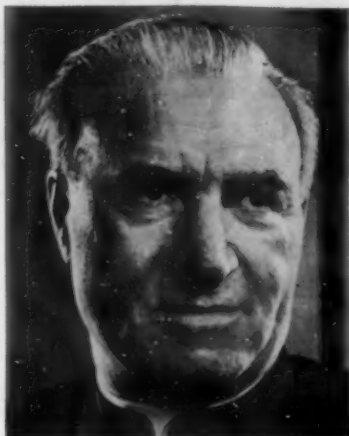


Left: Congressman Wright Patman of Texas, center, spoke at the CUNA annual meeting in May. Here he is flanked by CUNA's former president, W. O. Knight, Jr., and new president, Julius Stone.

Lower left: A folder addressed to Negro parents, on how credit unions can help finance children's education, has been distributed by the Illinois League. Here a copy is being discussed by representatives of the League, a Negro credit union and CUNA Mutual.







## M. M. Coady dies

The widely known pioneer of the Antigonish movement, Monsignor Michael M. Coady, died July 28 at the age of 77.

A leader in the organization of study clubs, cooperatives and credit unions, the Nova Scotia priest was one of the most quoted prophets of self-help in this century.

"The people can do ten times what they think they can do," he told the fisherman, farmers and miners of the Maritime Provinces, during their period of deepest economic distress.

As director of the extension department of St. Francis Xavier University in Antigonish, Nova Scotia, Coady taught self-help not only to the people of his own provinces but to students from underdeveloped countries in many parts of the world.

In ailing health for several years, he collapsed on the speakers' platform last year while addressing the annual meeting of the Credit Union National Association.



Agnes Gartland, who retires September 1 as managing director of the Massachusetts CUNA Association, was presented a silver tea service in recognition of her many years of service to the movement by CUNA president Bill Knight at the May meeting.

Organized in 1950, the Carbide Employees Federal Credit Union of Texas City, Texas, now has over 3,000 members. On June 20, the group opened their new air-conditioned building with an open-house.

Seventy-one members, led off by Col. Herman Rumsey, joined the Tachiwaka Air Base branch of the Kanto Plains United Credit Union during the first two hours when it opened for business July 20. The main office of the credit union is in Fuchu.



# STABILIZATION PROGRAMS ARE HELPING CREDIT UNIONS

*In Iowa, North Dakota, Kansas and Nebraska, programs recently set up have strengthened credit unions and protected members.*

**D**URING June, two Armour packing plants in Illinois ended their slaughtering operations. The plant in East St. Louis was completely shut down. For a time it looked as if the Chicago plant would continue some operations, but soon it was announced that this too would close.

The East St. Louis credit union reached a decision to liquidate quickly. With loans over \$950,000 outstanding, the credit union began an intensive collection program, which led temporarily to bad local publicity but soon was settled in legal proceedings that gave the credit union a percentage of borrowers' terminal paychecks.

The Chicago credit union was in an unusually liquid condition, and anticipated little difficulty in settling with its shareholders.

These were the first major liquidations that have occurred in Illinois since the Credit Union Share Guaranty Corporation was chartered to insure members' share accounts up to \$10,000. However, the East St. Louis credit union manager, Leonard Ingram, said July 30 that he intended to handle the liquidation himself for some months to come and would be able to pay out shares 75 percent in 60 days.

Meanwhile, in other states, liquidations and other problems were beginning to test new stabilization programs. In Iowa, North Dakota, Kansas and Nebraska, recently established stabilization procedures were being used to help credit unions with problems.

The Iowa Credit Union League has given major assistance to two credit unions since its stabilization program was established by the annual meeting in April 1958. It has



A stabilization program acts like a gyroscope for credit unions in trouble.

also given minor aid in a couple of small problems.

Case 1 for the Iowa League was the Sioux City Teachers Credit Union, which has been brought back to life. Case 2 was the Sioux City Cudahy Employees Credit Union, where a liquidation is being completed with assistance from the League.

The Sioux City Teachers turned up with a shortage that was not fully covered by the bond or the reserves. A membership meeting was called, and League officials explained to the members that they had three choices:

1. to liquidate and take a 10 percent scaledown;
2. to take a 10 percent scaledown and continue operations;
3. to continue in operation, take a \$20,000 advance from the league to make up the shortage, and repay it in five years out of credit union income.

The members chose the third al-

ternative. The advance was made interest free, and members agreed to set aside 10 percent of their shares as security for the advance. A note was drawn up expressing the credit union's obligation to repay the advance out of future earnings, and the credit union resumed operation. It is understood that the officers of the credit union will work closely with the League on such matters as dividends during the period the loan is still unpaid. The League's special service department, an accounting arm, is helping the officers develop a more efficient operation.

Nearly half the Sioux City Teachers membership attended the meeting at which the decision to continue was reached, only a few withdrew, and today the spirit and growth of the credit union have both shown a marked improvement.

The Sioux City Cudahy group had been in liquidation for four years when the League stabilization fund moved in. It had paid out 80 percent on shares, but 20 percent was still outstanding. Loans were being collected with increasing difficulty by a local attorney. Recently the League took over the assets and liabilities and paid off all the shareholders it could find—writing 267 checks for \$17,482.10. It is still looking for some of the shareholders, and it has retained the same attorney for collection purposes.

Some of the members of this credit union are still unemployed, and some have traveled distances to find new jobs. The credit union, like many in packinghouses, made a lot of co-maker loans, and the list of co-makers is somewhat tangled and includes much overlapping. However, the outlook is pretty good: the League may

collect enough to take care of the shares it has paid out and take no loss at all.

Thus the Iowa League is finding that its stabilization fund is helping with two kinds of problem: liquidations and shortages. Managing director Al Jordan says he is pleased with his experience so far. He points out that there is a particular kind of problem in which the stabilization fund makes a valuable contribution: the small new credit union that has just run into a tough loan. Often, Jordan comments, the officers of a new credit union are startled when they discover that a loan can be hard to collect, and they may suddenly become too conservative. When they know that the League stands ready to help them, they are not so likely to be frightened.

The stabilization fund of the Iowa League now stands at \$111,303. It was created in the first place by prepaid dues, in which more than half of Iowa credit unions cooperated. The League is setting aside 10 percent of its dues income to build the fund up, and a five-man committee reviews applications for assistance. (Three members are elected by the League executive committee, two by the annual meeting.)

**The North Dakota League** is handling one liquidation and one renovation. The liquidation occurred in an Armour plant in Grand Forks; the renovation involves a community credit union called the Bowman Co-op Credit Union.

**The Grand Forks Armour** group faced a plant closing and a long-drawn-out credit union liquidation. On May 31, 1958, the League bought up the credit union's uncollected loans, and the shareholders were paid off. Since then, the League has been slowly collecting the loans, but no loss is expected.

The public relations effect was good. The League was able to give the credit union members soft-hearted treatment while they were looking for new jobs, and this was appreciated. The amount of loans purchased came to \$16,000, and the payoff to shareholders was actually 102 cents on the dollar. League managing director John Hillerson says he thinks that was a mistake, and he believes in the future the League should follow a straight 100-cents policy.

**The Bowman Co-op** case was more difficult. This credit union,

located in a small community, had a history of inadequate management. It has never been insolvent, but it has had a bad delinquency situation, and not long ago its directors were seriously considering liquidation.

The League has stepped in to help. It has put up some of the money for the salary of a part-time manager, and it has paid for a weekly ad in the local paper. The new manager has brought the delinquent loans under control, and the morale of the credit union has much improved. Confidence has been restored. Interestingly, the morale problem was not just a credit union problem—the whole community has been in a depressed mood. Now the mood is brightening.

It is agreed that the credit union will reimburse the League when it can for the money advanced for the treasurer's salary and the advertising. This is simply a gentlemen's agreement and has never been reduced to writing. Meanwhile, the League is sending copies of its publication and of *Umbrella* to all members and potential members, and growth seems to be returning.

John Hillerson says the League hopes to do a similar job for two more community credit unions soon. One is an Indian group at Mandaree (see *Bridge*, August, 1958, page 15), and the other is a community credit union in Selfridge. Leadership training is needed as much as anything else in a stabilization program, Hillerson says. "If we had a big enough fund, we could do a lot of useful things," Hillerson comments.

At present, the North Dakota fund amounts to \$10,000. It was set up on the basis of 2 percent of the League's gross income, which of course is very small. When the Armour liquidation at Grand Forks came along, it was obvious that the League ought to do something about it, so the necessary money was borrowed from the State Central Credit Union. This is being repaid as the loans are collected.

Like most other League stabilization programs, North Dakota's policy is to limit financial help to affiliated credit unions. However, there hasn't been unanimous agreement on this. Members often have no opportunity to vote on the issue of affiliation, it has been pointed out, and it's rough on them to penalize them for a choice they didn't endorse. The North Dakota League is now consulting with another

meatpacking group that is not affiliated, the Armour plant in West Fargo, now facing liquidation. The League has suggested conversion to a community charter, and hopes this will be accepted.

An important point about the North Dakota program is that it started so small, yet it is already proving valuable. "We were in some doubt about whether it would be worth while to start out on such a small scale," John Hillerson remembers, "but we were advised that any kind of a start was better than none. We've sure found out that it's true." One credit union has rejoined the League because of the stabilization program, and several others are now apologetic about not being members.

**The Nebraska Credit Union League**, which set up its stabilization fund in December of 1957, has helped one credit union through liquidation, is providing management service for another, and last month purchased the assets of a third. The Nebraska fund has accumulated \$21,000, of which about \$6,000 is now committed in the three cases handled so far.

**The Four C's Credit Union**, the first to be assisted, is an old group first organized among members of a Negro welfare society. Some bad loans, some litigation and a need for better management have brought this credit union to the verge of liquidation, but the League is nursing the credit union along in the hope that it may be reorganized and given a fresh start. The Banking Department had suspended the credit union when the League stepped in. For fifteen months the League has been handling loans and bills for Four C's under a management contract. A non-interest-bearing advance of \$3800 has made it possible to pay off 100 cents of the dollar, and if the credit union liquidates, the League will probably salvage about \$2500 from the uncollected loans. On the other hand, if the credit union reorganizes, it is agreed that the League will be reimbursed in full.

The second case that the League took up was the **Commodore Employees Credit Union** in Omaha, which served employees of a trailer manufacturer. The plant closed and the credit union dwindled down to \$1,000 of assets. At this stage, the League bought up the remaining loans and paid off the shareholders at 100



cents on the dollar. This took place in August 1958.

Last month the Nebraska League stepped in to take care of a credit union called Insurers Federal Credit Union, that had been organized seven years ago to serve agents and local employees of the Prudential Insurance Company. Recently a company edict restricted the field of this credit union to about forty people, and liquidation was voted. The credit union was in condition to pay a 5 percent liquidation dividend, but the League, which generally follows a 100-cent policy, in this case split the difference and bought the loans at a price which made possible a 2½ cent dividend. Active loans with a face value of \$1856 were bought for \$1507, and a few inactive loans were thrown in. It was agreed that the officers of the credit union would continue to collect loans as far as possible, and another \$200 plus interest was collected even before the first month of the agreement had ended.

The stabilization fund of the Nebraska League is fed 10 percent of the League dues. Managing director Wayne Bornemeier says he believes this is a better way to do it than by a per capita payment, which has insurance connotations. Some of the collection problems that come up are handled by the League attorney, but others are being handled by the League staff. The executive committee of the League are the trustees of the stabilization fund. It is League policy to provide the same stabilization services for unaffiliated credit unions as for affiliated, although as yet no unaffiliated credit union has asked for help.

**The Kansas Credit Union League**, which set up its fund in 1958, took on its first case in January 1959. This was a credit union organized for civilians at the **Topeka Air Force Supply Depot**, which was closing down. The civilians, who were gradually being laid off, would be taking other jobs in the area, and the League stepped in with the suggestion that the members be transferred over into another newly-organized credit union, the **Pauline Co-op Credit Union**, which was about a year old. The two boards met and agreed on the transfer, and the members of the Air Force group signed the appropriate papers and were moved over. This had the effect of doubling the assets of the Pauline Co-op Credit Union. No money

## The Hobbs Case: Clarification

To the Editor:

I refer you to page 28 of the August issue . . . a paragraph that reads: "Attorneys for the State recommended that the bank loan be paid this spring and it was done. In early July there was still some question whether other credit unions would be ruled preferred creditors against the assets."

This has caused a good deal of concern among some of the credit unions that have money loaned to this credit union, as well as the credit union people of Indiana wondering why a bank would receive preference over the credit unions.

As we understand it, the bank granted a loan to Noble County Credit Union and received collateral for the loan. By redeeming the note the liquidity of the credit union was enhanced and the assets of the credit union actually were increased by the payment of this loan. Simply, it released assets that were greater in size than what the note covered.

C. Clarkowski, Managing Director  
Indiana Credit Union League

from the stabilization fund was needed for this, although the League paid the old credit union \$25 for bad loans totaling \$652.04 and guaranteed to the Pauline Co-op group that there would be no loss from the new loans they absorbed in the transfer.

The second case the League took on was a small credit union, called the **Moran Credit Union**, which had never got started. One member had \$1,000 in his share account, and there was one loan outstanding of \$120. The League bought the loan and shares were paid off in full.

The third case was a group called the **Wichita UAW-CIO Credit Union**, which had received a notice of intention to liquidate from the banking commissioner because of its bad delinquency problem. For a year it had been doing nothing but attempting to collect its loans. Investigation showed that the credit union had been set up wrong from the beginning. Changing the field to the AFL-CIO membership in town, and advancing \$1500 as a solvency grant which may or may not be repaid, the League has revitalized this credit union and it is now beginning to operate again. It is agreed that when the credit union is able to pay a 3 percent dividend, it will begin repaying the League.

Fourth came a Knights of Columbus group called the **Bishop Winkelman Credit Union**, which had

been dragging along without a future. The stabilization fund took over all the assets and liabilities, including notes with a book value just under \$3,000. Shares just over \$3,000 have been paid, and the League is collecting the loans, expecting to take a loss of about \$1500. Collection will be slow.

Finally and most recently, the **Law-Cal Credit Union** has been helped to keep its feet during a period when the employer was laying off more than half his working force. The credit union was less than a year old when this problem developed, and had borrowed money close to its legal limit to keep up with loan demand. In order to make it possible to pay share withdrawals for members who had been laid off, the League advanced \$500, which will be repaid when the credit union's affairs have stabilized.

Rex Sheldon, managing director of the Kansas League, comments that among other things the stabilization fund has helped create an excellent working relationship with the banking department, to whose staff inactive credit unions with delinquent loans have always been a troublesome problem. The Kansas League fund now has assets of \$7,727 and will add about \$14,000 this year. The basic income of the fund is 15 percent of League dues. A five-man committee, with the managing director sitting in exofficio, administers it.





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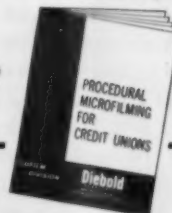
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## CHAPTER LEADERS

(Continued from page 3)

questionnaires for the evaluation of League services, they got back 400 replies with chapter support as compared to only 40 the year before with no help from the chapters.

There are 24 chapter areas in Texas, 2 of them inactive, and only 12 directors on the League board. The figures in themselves make the communications value of the chapter presidents obvious. They stand between the League and the community, passing messages back and forth and contributing whatever personal talent they have in the process.

There is no rule against one person holding the two offices of chapter president and League director at the same time, but there is a rule in the Chapter Presidents' Association bylaws against any League director serving as an officer of the Association. Article I of the Association's bylaws states, "The Chapter Presidents' Association shall remain non-political in motive, striving to educate the various individual credit union elected officials in the philosophy and better operations of their credit unions." Another bylaw says chapters may make voluntary contributions to the Association's treasury; so far, about \$200 has been given.

The goal is better coordination of the Texas chapter program, and this involves an exchange of program material between the chapters, mailing of chapter meeting notices by the League, and the addition of chapter presidents to the League's mailing list for material going to the League board. It has meant that all chapters now have organizing committees to help organize new credit unions in their areas. And quite without any special planning, it has turned out that when a credit union officer finds he can't reach the local League fieldman for help, he now turns automatically to his chapter president.

But better coordination does not mean in anybody's mind that all chapter programs should be alike. They aren't and they won't be although everybody is watching everybody else more intently than they used to. At the last League convention, a report on chapter programs

showed the variety that's been going on. There were:

- Ten programs to discuss the League convention, held prior to the convention.
- Nine on League services
- Seven on credit union lending policies
- Six on organization
- Five on credit union annual meetings and year-end closings
- Four each on taxation; public relations; legislation; education
- Three each on the Bureau of Federal Credit Unions; Operation Impact; legal aspects of chapters; supervisory committees; insurance; training films
- One each on history of the movement; parliamentary procedure; Texas Federal Credit Union (for officers); Management Night

Nobody claims that the bugs have all been ironed out of the chapter presidents' program, but everybody seems to have high hopes for it. Here are a few quotes from those most closely concerned:

R. C. Morgan, president, Texas Credit Union League: "The chapter presidents can tell us better than anyone else what the credit union people of the state expect and want of the League; at the same time, the chapter presidents can learn first hand at such meetings what the League is doing . . . The heretofore untapped resources of leadership and talent to be found in our chapters can be invaluable to the League . . . Provides a wonderful means for improving communications and relations . . . purpose simply to help them plan better programs, exchange ideas and to discuss common problems . . . encourage chapters to tell the league what they want and need

. . . chapter presidents can probably do more than anyone else to improve communications and to keep our programs on a high and constructive level . . . the chapter president is not only the first, but probably the most important, link in our chain of communications.

James M. Barry, managing director of the League: "Chapter presidents need to get together on their problems just like the National Association of Managing Directors or the National Management Conference. They consider themselves an unofficial but important part of the movement. Communications are possible there that aren't possible elsewhere . . . It is a good idea for chapter presidents to get together."

John W. Bones, president, Chapter Presidents' Association: "Having chapter meetings and training sessions is not enough; some way we must transmit to the League just what our people want . . . The closer the chapters can cooperate and communicate in both directions to and from the League, the smoother and stronger league we will have . . . Our training meetings are good because they give the chapter presidents a chance to get closer to the League leaders than they can at the convention, when they just see them as somebody up at the head table."

Paul Hoiland, past-president and lifetime member of Chapter Presidents' Association: "Our purpose is to restore the faith of individual credit unions in the credit union movement and to foster that faith . . . This organization could be the best thing that ever happened to the credit union movement in Texas because it goes back to the grass roots and you, my friends (chapter presidents), are the salt of the movement."

## SMALL LOANS

(Continued from page 9)

**Leaflets and notices.** Both board and committee members try to make it a habit to keep some leaflets and pamphlets in their toolboxes. This usually includes materials from both CUNA Supply and CUNA Mutual Insurance Society.

AMCO distributes its occasional bulletins through the union stewards who pass them on to the field of membership throughout the shop rooms. For special notices the group uses a readily accessible bulletin board.

**Credit Union Day.** The responsibilities of the education committee also include planning and preparing a meaningful Credit Union Day program.

**Annual meeting.** AMCO tries to make its annual meeting so attractive—by having a speaker, credit union movie, dance or band—that all members stay after the dinner to attend the business session. The attendance varies between 35 per cent and 50 per cent of the total membership.

"Our annual meeting is our biggest educational effort of the year," says board member John Grant. "We plan

it carefully and try to make it so interesting that the member will want to come back for next year's event.

"We give each of our members a detailed mimeographed annual report by our officers and committees, together with a meeting agenda, CUNA Supply doodling mat and a copy of the January issue of *The Bridge*."

Occasionally AMCO invites representatives of outside groups to attend its annual meetings. Two credit unions were organized because outside groups attended AMCO's 1958 and 1959 annual meeting sessions. One is a church credit union in Windsor. The other serves an industrial group in Claremont, New Hampshire.

**Relating saving to borrowing.** AMCO makes it a policy to urge all borrowing members to put a minimum of \$1 each week into their share accounts. And whenever the member's weekly interest exceeds \$1, AMCO requests that he save at least \$2 each week.

**Insurance counselling.** When a member approaches his fifty-fifth birthday, he is visited by an AMCO director or committeeman who explains in detail the benefits of life savings insurance. "Our members are very grateful for this," says Marguerite Grant. "Frequently this information leads them to transfer to the credit union funds which they had kept elsewhere. And in some cases members borrow against their shares and place the borrowed funds in their share accounts to increase their insurance coverage."

**• Keeping funds at even flow.** AMCO frequently finds itself short of ready cash to meet its members' loan needs. Whenever this happens, it borrows the necessary money. The source of these funds is usually the local bank which carries AMCO's checking account. But occasionally the group has borrowed against its investment in Windsor's savings and loan association. Says Marguerite Grant with a gleam of pride: "We have never refused a loan because of lack of funds."

When AMCO's cash exceeds its loan demand, the group lends its funds to other credit unions in the state. These loans are made on demand notes. Their amounts vary from \$300 to \$3,200, usually for short terms. Most are repaid within six months. The average amount lies somewhere between \$600 and \$1,500.

**• Problems.** Layoffs are AMCO's biggest problem. Between March, 1957, and September, 1958, Cone Automatic Machine Company had twelve layoffs, varying from 14 to 98 persons each and involving a total of 747 workers. Some 50 per cent of these are credit union members. Points out AMCO president Stanley Roberts: "Layoffs inevitably increase delinquencies. Even with the best will in the world, some members fall behind with their payments during those times. The problem is solved only when our men are called back to work."

Adds Marguerite Grant: "Many of our members are still laid off. The company is now beginning to call some of them back. But total employment in our shop has gone down from 788 to 581 during the last two years."

At the end of June, twenty-three of AMCO's loans were delinquent. Their total amount was \$6,989. Three of these were in the 2-to-6-month category (\$2,121); 15 in the 6-to-12-month group (\$4,290) and the remaining 5 were delinquent for 12 months or longer (\$578.50). The total amount charged-off at AMCO since organization amounts to \$3,867.31. But of this sum the group has recovered \$244.75.

"Our banking department has never been seriously disturbed about these delinquencies because many of the loans are fully secured by shares," says treasurer Grant. "And in our credit union we do not consider these delinquencies a problem. Of course we were somewhat concerned about them during the peak of our lay-off period last year. But we have full confidence in our members' willingness to meet their obligations at AMCO. Above that, most of our loans are fully secured through share pledges and other securities. And only a small fraction of our over-all securities are co-signers."

"Many of our delinquent borrowers fell behind their contracts during the lay-offs. But they are making regular payments now. We consider them delinquent because they are not meeting the terms of their original contracts. But we are receiving regular payments from fifteen of our twenty-three delinquent borrowers."

AMCO has a three-point program for handling its delinquencies: (1) At the monthly board meeting, the directors discuss all delinquencies in detail. (2) During these meetings the

board assigns individual directors to handle specific problem cases. And (3) treasurer Grant maintains a separate delinquency file to keep an up-to-date record of all delinquent share accounts.

**• Office operations.** AMCO has two employees. Mrs. Grant serves as a full-time staff member. And the assistant treasurer works on a part-time basis. Office hours at AMCO are from 9:00 a.m. to 4:00 p.m. daily.

The group's 12 by 14 headquarters is located next to Cone Automatic's office and is readily accessible from the shop. The company furnishes the space, heat, light and telephone without charge. And it also lends AMCO two desks, a typewriter, and six folding chairs. The office is fitted with fluorescent lighting and has a sound-absorbent ceiling.

The balance of the office equipment belongs to AMCO. It includes: Two chairs, an adding machine, a check-writing machine, a movable posting tray and a combination safe-filing cabinet.

**• Interest and dividends.** AMCO charges 1 per cent per month on the unpaid balance for its loans. The group's dividend rate has varied slightly during the past five years. For 1955 and 1956 the rate was 4 per cent. For 1954, 1957 and 1958 it was 3½ per cent.

During the past five years AMCO's borrowing members have received increasing interest refunds. In 1954 and 1955 this refund was 10 per cent of the interest paid. But for 1957 and 1958 the borrowers' annual refund increased to 15 per cent and 20 per cent, respectively.

**• Relations with employer.** AMCO's board of directors takes great pride in its harmonious relationship with Cone Automatic Machine Company. Says Marguerite Grant: "Our company's management has been extremely generous to us. For ten years it has provided us with free office space and utilities. It is giving us the benefit of payroll deduction for both savings and loans. And our credit committee is permitted to use a reasonable amount of company time for its regular and special meetings."

"Furthermore, our board of directors frequently meets during working hours. And occasionally it becomes necessary for some of our members to do their credit union business during the working day. All of this reflects the company's helpful



and cooperative approach to our members' thrift and credit needs."

Here is what Henry P. Chaplin, president and treasurer of Cone Automatic Machine Company, says about AMCO Credit Union:

"I think it has done a good job. And it has been tremendously helpful to our employees.

"There are three good things about our credit union. In the first place, it is cooperative and teaches our employees to work together. Secondly, it teaches them a better understanding of financial problems. And in the third place, it makes the employees more responsible citizens.

"We are lacking in self-discipline. And the credit union teaches that. This is a good thing. And it is very important for our community and our country."

• **Participation in chapter and League.** AMCO's directors and committeemen are taking a deep interest in the affairs of their chapter and league. The group is represented at all league meetings. Frequently as many as eight directors and committeemen attend league functions. Four

of AMCO's members belong to the Founders' Club.

John Grant has served for seven years on the board of the Vermont Credit Union League. For the last four years he has been the League's treasurer. And he is also treasurer of the Vermont Central Credit Union.

Marguerite Grant is chapter president and secretary of the Vermont League's education committee. She has served for two years on the League's auditing committee. And for four years she was district representative of the League's Windsor County area.

Says Marguerite Grant: "AMCO Credit Union was organized by Roy F. Bergengren and Agnes C. Gartland. We had never heard of the credit union idea until Mr. Bergengren visited us and told us about it. For introducing us to the credit union, we owe Mr. Bergengren a debt of gratitude which we will never be able to repay."

In recognition of her leadership, the Vermont Credit Union League last year named Marguerite Grant as her state's "Brother's Keeper of 1958."

## MONEY SICKNESS

(Continued from page 6)

finds the symptoms in many of his patients. One rich patient had a miserable vacation because he had to pay for meals and room at an American-plan summer hotel and was afraid his wife might suggest taking an occasional meal outside. Another rich patient, whose wife also worked, objected because his wife made sandwiches from leftovers and took them to work, a procedure which he viewed as taking something that belonged to him. It is abundance that creates avarice, comments Bergler. But misers, or people with the symptoms, can be found in all groups—high or low, young or old.

Typically, the miser worships inactive money in the form of securities and mortgages, lives in a state of constant excitement over his fear of being taken advantage of, is haunted by fears of losing money due to external events, gets much of his pleasure out of fantasies of outsmarting people who want his money. Whereas the poor man says "I can't afford it" with regret, the rich miser says "I can't afford it" with a kind of cold triumph. The pleasure in saving small coins, Bergler suggests, is a clear sur-

vival of childish values.

But the miser, like the success hunter, is behaving in an irrational aggressive way to cover up his own unconscious desire to be dependent and passive, Bergler says.

**The gold-digger and the playboy.** Fortune-hunters, people who marry for money, apparently often become psychiatric patients. The fact is, Bergler says, that these people have developed a rationalization which says that love does not exist and that money is the only thing that matters. A gold-digger says, "I can't respect a man who doesn't have a lot of money." A playboy in treatment complains, "I like a good time and imagined that these wealthy women would be glad to get a good-looking husband. But what did I get out of the deal? Nothing but the reputation of a playboy." He has become an alcoholic, and his wife has divorced him as a parasite.

Men and women who marry for money fall into a dreary pattern, Bergler finds. Lacking all tenderness, hard as nails on the surface, they find they have married people meaner and more brutal than themselves. A brief period of forced gaiety ends in mutual dislike, and accusations by the moneyed party of laziness and para-

sitism. Divorce follows, and another marriage takes place just like the last. "The only time they show real emotion," comments Bergler, "is when they are airing their grievances . . . summed up in the phrase: 'I don't get enough.'"

The masochism in such people comes out most clearly in the strength of the attachment they sometimes feel to their brutal partners. Sometimes the gold-digger complains to the psychiatrist that the man she married treats her with contempt and has affairs with many other women. There is nothing lovable about him. She did not marry for love, she married him for money, but it is his brutality that keeps her from leaving. The gold-digger and the playboy unconsciously respect only the person who seems stronger and tougher than they.

In dozens of cases, says Bergler, he has found that these people found in childhood that their parents' emotions could be aroused only about money matters.

**The impostor, the kleptomaniac.** These types Bergler treats more briefly. The kleptomaniac, the wealthy woman who can't resist stealing dresses in a department store, has always baffled the public, Bergler points out, precisely because the public keeps looking for rational explanations of neurotic behavior. There is no rational explanation of kleptomania or any of the other money neuroses.

The impostor—or confidence man—has peculiar mental symptoms. He is not a criminal type in the sense that the ordinary safe-cracker is. He never uses weapons, and he never proceeds further into other types of crime. Cheating people is as much a kind of game as a livelihood, in which he gains psychological satisfaction by outwitting people and treating them with sly contempt. Money is only part of it. Apparently there is a definite pleasure for him in deceit, which he will carry on even when there is nothing tangible to be gained by it.

The impostor, as Bergler describes him, tends to be a social climber, is charming (sometimes with feminine traits), has an ironic sense of humor which is anti-moral in quality, plays his part like an actor, seems to think little about the past or the future, poses as an optimist despite inner depression, gets quickly bored with success in any role he assumes, offers cynical formulas of self-justification,





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ON CUNA SERVICES



The CUNA program and services are planned on the basis of consultation between League officers and staff, national board and committee members and CUNA staff. The basic purpose of the CUNA program is to support, supplement and strengthen League programs. Most CUNA services are available through League offices; some are available directly.

## EDUCATION

Film strip will be available soon on the functions of the education committee. Regional training conferences for League fieldmen scheduled in September: Tulsa, Montreal, Hartford. (John Bigger, director.)

## INSURANCE SERVICES

Staff will be working on loss prevention programs and other conferences during September in Manitoba, Utah, Arizona, Louisiana, Rhode Island, Pennsylvania, New York, Connecticut, Quebec, Oklahoma, Florida, Massachusetts. (Stan Harris, director.)

## ADVERTISING AND PROMOTION

Annual meeting materials coming up. Time to order annual report plans and layouts. CUNA Supply kit due to be distributed soon. Plan orders for custom designed and written materials, also stock items such as pocket calendars, place mats, posters, coin banks. (Phil Davies, director.)

## PUBLIC RELATIONS

Credit Union Day posters in mail this week. Also, you should be receiving about now your entry blank to get you into the Credit Union Day contest; be sure to enter. Order more posters now if you need them. (Warren Lutey, director.)

## LEGAL AND LEGISLATIVE

Amendments to Federal Credit Union Act passed the House of Representatives; only point lost was central credit union provision. Time passing, adjournment approaching, makes passage through Senate difficult this year but

not impossible. Meanwhile, tax study scheduled for November by House Ways and Means Committee; credit unions' position will be considered with other mutual financial institutions. (Dave Weinberg, director.)

## ORGANIZATION

Special programs being worked out with small leagues: South Carolina, Nevada, New Hampshire, Maine, Wyoming. Other organizing conferences: Minnesota, Arizona. Organization Month is October; Prospect Week is October 11-17. (Bob Dolan, director.)

## WORLD EXTENSION

Working arrangements near completion for training conferences with International Labor Office, Food and Agriculture Organization, and UNESCO. Program set up for World Lutheran Mission, working out of Switzerland. Central credit union committee in Ireland now active. Working with World Council of Churches. Trainees due in September from Chile, Guatemala and Cuba. (Olaf Spetland, director.)

## SPECIAL PROJECTS

A "how to grow" book now in production which will help plan three-year credit union projections of membership, services and facilities; to be used as basis for budgeting membership education. Will be distributed in fall or winter. (Kent Francis, director.)

## CREDIT UNION BRIDGE

Special series of articles on problems of small credit unions in works. January issue will be, as usual, planned for membership distribution. (Dick Giles, editorial director.)

## EXECUTIVE

The executive offices of the Credit Union National Association are located in Madison, Wisconsin, and Hamilton, Ontario. Vance Austin is managing director, Orrin Shippe is assistant managing director and John Brady is comptroller, all in Madison. Ted Ingram is Canadian manager in Hamilton. The Washington office is under the direction of Hubert Rhodes.

takes regular work only to gain opportunities for cheating, and rarely reforms.

**The embezzler.** Bergler's material on embezzlers is scanty. He groups them with the impostor and the kleptomaniac, but it seems possible he might well group them with gamblers or with spendthrifts, whom he also describes. As Bergler points out, these pure types are often mixed together in one person. "A combination of impostor features with gambling, alcoholism, drug addiction, kleptomania, homosexuality are common," he reports.

The familiar type of embezzler who gives away all the money he steals is well described in Bergler's chapter on spendthrifts. Bergler uses the phrase, *the magic gesture*, to describe what the spendthrift is doing. "My cruel parents and the cruel world would let me starve," says the spendthrift, nursing his infantile grievances, "but with a magic gesture I am showing how generous I am and how generous other people ought to be toward me." At the same time, he is perpetuating his suffering and heading for worse trouble.

What explains these neurotic types? How can people get so fouled up over money? There's nothing wrong with money: money has no power in itself to warp human character like this.

But money is a form of power—it serves as a symbol of achievement, and it exerts pressure wherever its leverage is applied. It is easy to understand how it can get involved in people's deepest psychological problems.

Many psychoanalysts have explained human development primarily in sexual terms. Bergler brushes this aside. An infant, says Bergler, despite the fact that he looks helpless from the adult point of view, actually feels himself to be omnipotent. He can have anything he wants. All he has to do is gurgle, gesticulate or yell, and immediately he is fed, turned, burped or petted. He feels no gratitude for this. He thinks he's entitled to it. He believes he is the center of the universe.

As he grows older, he learns better. There are things he can't do, there are things he can't have, there are other people who have to be considered. If all goes well, he accepts all this—with pain and regret but with growing realism. He learns to respect others,

and continues to respect himself.

But if things go badly, for one reason or another, he doesn't grow up emotionally. He continues to be stuck at some stage of his infantile self, resenting the fact that people don't treat him as the center of the universe, inventing stratagems to revenge himself, wanting to be dependent and taken care of at an age when it no longer makes sense. Even more crucial, he develops a sense of guilt about these infantile emotions, for which he develops unconscious methods of punishing himself. Of course, it's more complex than this—he may have several motives for constantly getting himself into disappointing situations. He may want to punish himself, he may at the same time enjoy discomfort because he can blame others for it. Masochism, says Bergler, is the basic neurosis.

## CAR LEASING

(Continued from page 1)

Nationwide Insurance Company surveyed families in the Columbus, Ohio, area and found a large percentage who said they were interested. They were canvassed on the basis of a proposal involving new Ramblers which would be turned in every two or three years on current models. Leasing would cover both possession of the car, insurance and maintenance. The favorable response (some 25 percent said they liked the idea) indicated only that the idea involves nothing intrinsically obnoxious: it does not, for instance, violate some deep pride of ownership. There is probably no unshakeable human instinct that favors ownership over leasing.

But the Nationwide survey only collected attitudes. It proved nothing. It has not as yet been tested by asking consumers to put up the bucks. Ohio credit unions contacted by Nationwide could hardly commit themselves, and didn't.

Meanwhile, it has been growing clearer that there are many bugs in the leasing idea when it is applied to ordinary families. The CUNA car-lease committee has listed a number of them:

- Car-leasing really pays the car owner only if he is driving 20,000 miles a year or more. Otherwise the operating expenses, including financing charges over a 3-year period, will

As masochism shows up in the money neurosis, it creates much mystification. The layman does not understand these masochistic tendencies, because they are irrational. But the person who suffers from them doesn't understand them either. Many embezzlers who find it impossible not to go on taking a few dollars week after week, finally confess when they are caught, "I'm so glad this is over!"

As money neurotics show up in credit union practice, there may not be much that credit union officers can do to help them. To the extent that the mild neurotic can use his rational powers, the credit union may be able to help by offering friendly and rational service.

But a severe neurosis is not cured by a few kind words, and it is important to recognize that there are such people.

be lower on the basis of ownership. The average family car is driven 10,000 miles a year.

- The chief advantage of leasing is that it eliminates downpayments. In credit union practice, downpayments are no problem. If a member whose credit is good wants the full amount of a car purchase, additional security can be found to justify the loan.

- The problems of the lessors are substantial. Harold Wingstad found lessors saying that \$95 a month does not provide a big enough profit margin. How the lessor comes out on the deal usually depends on how advantageously he can dispose of turn-ins on the used car market. If he has to dump a large number of turn-ins at one time, the result can be a lowering of prices that will wipe out his profit.

Also, the CUNA committee found, deals including maintenance have special headaches for lessors. Some car lessees will call up at 3 in the morning demanding repair service. Others will be fussy about car condition.

Credit union auto loan volume is not likely to be much affected by this development, the committee opined. There are not enough advantages in leasing for the average family under present circumstances. However, Harold Wingstad reported, the CUNA staff is being asked to keep an eye on developments and to warn the credit union movement if anything indicates

that leasing is going to have a greater impact on credit union loans. It is hard to see such a change ahead unless tax considerations change first.

Now the committee has dissolved. Its members were Harold Wingstad of Nebraska, Wilbur J. Brown of Ohio, H. C. Cramer of Illinois, Irett F. Ferris of Michigan, and C. Frank Pratt of California.

## IN THE MAIL

### Ontario Program

(In the August Bridge an article described the examining program of the Ontario Credit Union League. This has produced several comments.)

To the Editor:

I read with interest the advance copy of the August article on the Ontario League examination program.

The list of deficiencies was revealing and compares with what we found in the same order in many credit unions, except for "poor loan documents".

Another area of interest is related to evidence of any improvement in the performance of the supervisory committee of individual credit unions, because of the fact that examinations are now being made.

Wm. W. Pratt  
Harrisburg, Penn.

To the Editor:

First of all, my hat's off to you for a fine reporting job. My other hat is off to the Ontario league for developing such a competent plan.

Secondly, did you know that North Dakota's league has also developed an examination plan? They had a law passed in this year's legislature approving their plan of making examinations and having them accepted by the supervisory department as official. I am sure that John Hillerson can give you exact information on this. This involves only state chartered credit unions.

You have done a splendid job of outlining their plan and showing up the expected difficulties and how they were able to meet them. Their activity of course lays to rest the idea that the auditor must be someone outside of and beyond the realm of the league, which seems to me was the greatest single obstacle in our minds when we approached this topic.

Practical difficulties in the United States are of course entailed in our dual system of chartering. I can see





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Look over this list—think of other ideas. Plan the kind of observance of International Credit Union Day you believe will have the most meaning, the most lasting value for your credit union and/or the credit union movement. Each credit union will be mailed an entry blank. There is no cash prize. Instead we will use the money to mail full details of the most significant observance of Credit Union Day—the winning credit union's program of action—to every credit union in the world, so that others may get the benefit.

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(Continued from page 29)

how state supervisory authorities would permit this, especially when shown that it was effective beyond any auditing that they had done previously. I cannot see any way in which we could get this plan accepted on a federal scale. I do not mean by this that we should not try, but I am thinking about the bureaucratic system that is in force in our nation, where progress is frowned upon as something to be avoided like a plague. I can see them permitting us to make audits, but not relinquishing their own prerogatives to do the same. In other words, we would have a pay for two examinations. It still might be worth while.

The experience in Ontario shows what can be done in a large league with a realistic approach to finances. North Dakota's experience might show us what can be done in a small state. But in a situation such as we have in South Dakota with all federally chartered credit unions, we don't see much hope for such a plan that can be adopted here, unless we can develop some states that have a substantial number of both state and federal groups. They would of course have to limit their activities to the state chartered credit unions at first, but this should give us some statistical proof of the need that exists. In financing such a program in a league you would run into the problem of the inability to service a federal credit union, so would you make a differential in the dues structure on account of this? That brings us all sorts of related problems. If this is the answer, though, we must have the courage to face them and solve them before it is too late.

I think that the amazing part of the Ontario auditing plan is the amount of time spent by the examiners in work not directly related to the examination. The fact that even after the plan had been in effect for some time, only twenty-five per cent of the time was spent in actual auditing, is the real benefit of this system. In other words, it takes three times as much time to service the credit unions after the examination. They have said: "We found these things to be wrong in your operation, now how do we correct them?" To me, the failure in examinations have been that very little is done to see that the wrong practices are corrected. It is like a

fire department that rushes to the fire, makes out long reports as to the place, time, what is burning, what started the fire, etc., and then starts back for the station without putting out the flames.

We can agree that the hardest thing for a credit union's board or treasurer to do is to admit to the league's representative, that something is wrong; or that they really need help. The league can't really effectively service the credit unions until they are able to have that full confidence that apparently is inspired because of the intimate knowledge of the operation through actual auditing. Perhaps this is the break-through in services that shall make a really effective and servicing league absolutely necessary to the credit union.

W. O. Knight, Jr.  
Sioux Falls, S. D.

To the Editor:

It is a most intriguing program. It surely would upgrade the Leagues and give them high recognition by State and National governments.

After Ontario has been thoroughly examined, the succeeding year will surely cost less. It would seem that in California a rate of 50 cents per member should pay League and CUNA dues and pay for examinations which would be less than we now pay for large credit unions.

Carl A. Bowman  
Los Angeles, Cal.

### Liked Auto Stories

To the Editor:

The articles on auto loans and auto financing are particularly timely. I intend to distribute additional copies of *The Bridge* to the guests whom we have invited to our next Board meeting, during which I propose to elaborate on policies and issues concerning such loans.

Being in the automobile financing economy for the last twenty years I recognize research and intelligence which is so evident in the comprehensive presentation of the articles.

Although the embezzlement article was an unpleasant occurrence, it was a very healthy topic to disseminate among your subscribers. Only more watchfulness and internal controls can protect the funds of our members.

Congratulations on your editorial policy.

Herbert E. Lyons  
Miami, Fla.

**The Credit Union Bridge**



# CREDIT UNION DAY

Thursday, October 15



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## COMING EVENTS

September 17-19—**Florida** Credit Union League annual meeting, Hotel Robert Meyer, Jacksonville.

September 26—**Maine** Credit Union League annual meeting, Brunswick High School, Brunswick.

October 2-3—**Indiana** Credit Union League annual meeting, Claypool Hotel, Indianapolis.

October 3-5—**New South Wales** Credit Union League annual meeting, Sydney.

October 9-10—**Wisconsin** Credit Union League annual meeting, Hotel Northland, Green Bay.

October 15-16—**Fiji** Credit Union League annual meeting, Village of Galoa, Serua.

November 19-22—**California** Credit Union

League annual meeting, U. S. Grant Hotel, San Diego.

November 19-22—**Missouri** Credit Union League annual meeting, Hotel Robidoux, St. Joseph.

January 30-31, 1960—**Utah** State Credit Union League annual meeting, Salt Lake City.

February 18-20—**Credit Union League of Manitoba** annual meeting, Marlborough Hotel, Winnipeg.

February 23-24—**Saskatchewan** Credit Union League annual meeting, Bessborough Hotel, Saskatoon.

March 3-5—**Ontario** Credit Union League annual meeting, Royal York Hotel, Toronto.

March 4-5—**North Dakota** Credit Union League annual meeting, Memorial Building, Jamestown.

March 11-12—**Connecticut** Credit Union League annual meeting, Hotel Statler, Hartford.

March 18-19—**Rhode Island** Credit Union League annual meeting, Sheraton-Biltmore Hotel, Providence.

March 24-26—**Texas** Credit Union League annual meeting, Municipal Auditorium, Austin.

March 25-26—**Arizona** Credit Union League annual meeting, Westward Ho Hotel, Phoenix.

March 25-27—**New Jersey** Credit Union League annual meeting, Traymore Hotel, Atlantic City.

April 1-2—**District of Columbia** Credit Union League annual meeting, Hotel Statler-Hilton, Washington.

April 2—**Maryland** Credit Union League annual meeting, Lord Baltimore Hotel, Baltimore.

April 7-9—**Kansas** Credit Union League annual meeting, Jayhawk Hotel and City Auditorium, Topeka.

April 8-9—**Illinois** Credit Union League annual meeting, Hotel Sherman, Chicago.

April 8-9—**Massachusetts** CUNA Association annual meeting, Hotel Somerset, Boston.

April 9—**Vermont** Credit Union League annual meeting.

April 21-23—**Alberta** Credit Union League annual meeting, MacDonald Hotel, Edmonton.

April 21-23—**Nebraska** Credit Union League annual meeting, Cornhusker Hotel, Lincoln.

April 21-23—**Oklahoma** Credit Union League annual meeting, Tulsa Hotel, Tulsa.

April 21-23—**Pennsylvania** Credit Union League annual meeting, Sheraton Hotel, Philadelphia.

April 22-23—**Alabama** Credit Union League annual meeting, Thomas Jefferson Hotel, Birmingham.

April 22-23—**Arkansas** Credit Union League annual meeting, Pines Hotel, Pine Bluff.

April 22-23—**Georgia** Credit Union League annual meeting, Albany.

April 22-23—**Iowa** Credit Union League annual meeting, Blackhawk Hotel, Davenport.

April 22-23—**Michigan** Credit Union League annual meeting, Pantlind Hotel, Grand Rapids.

April 22-23—**Minnesota** Credit Union League annual meeting, Nicollet Hotel, Minneapolis.

April 22-24—**South Dakota** Credit Union League annual meeting, Sheraton-Cataract Hotel, Sioux Falls.

April 23-24—**Wyoming** Credit Union League annual meeting, City-County Building, Casper.

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- ★ In your mail verification, contact everybody who is in the field of membership, whether he is recorded as a member or not.
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- ★ After notices have been mailed and verifications have been returned, make a general announcement of the fact that you are making the audit. Use bulletin boards, publications—all practical media. Tell all members who did not receive notices to contact the supervisory or examining committee chairman at once concerning their credit union account.

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**POSITION WANTED:** As manager of credit union with large potential, now employed as manager credit union \$900,000. Age 28, veteran, college graduate, former federal examiner. Experienced payroll deduction and non-payroll deduction. Good record present position. Write John U. Barker, 678 Hudson, Memphis, Tenn.

The Credit Union Bridge



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British Columbia Teachers  
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Chas Milley (l.) and Bert Black (c.), past presidents of the B.C.T.F. Credit Union go over the latest financial statement with Ernie Simpson (r.) and happily note that their credit union has just passed the two million dollar mark in total assets.



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